644432

COURT OF APPEALS OF THE STATE OF WASHINGTON,
DIVISION I

JP MORGAN CHASE BANK, N.A., Appellee/Plaintiff,

v.

F. CHRISTOHER & LYNN PACE, Appellant/Defendants.

CASE NO. 64443-2-I

APPELLANTS' OPENING BRIEF

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INTRODUCTION

"The rule of privity is simply that you cannot claim what was promised to another." Tony Weir, *Symposium: Relationships Among Roman Law, Common Law, and Modern Civil Law: Contracts in Rome and England,* 66 Tul. L. Rev. 1615, 1646, citing *Dunlap Pneumatic Tyre Co. v. Selfridge & Co., 1915 App. Cas. 847, 853 (H.L.) (Viscount Haldane, L.C.).* If Chase could establish privity of contract on the Note that the Paces signed to Long Beach by showing Long Beach's negotiation of the Note to Chase and privity of contract on the Deed of Trust the Paces signed with Long Beach by showing assignment of the Deed of Trust to Chase, the Paces would dismiss their appeal. The Paces believe that without producing the properly negotiated Note and without producing a proper assignment of the Deed of Trust, Chase is attempting to "claim what was promised to another." It is attempting without privity through "state action" to claim what the Paces promised to Long Beach, i.e. a trustee's deed granting it title to the Paces' real estate. This trustee's deed violates the ancient Roman

and common law principle, *Nemo date qui non habet* or "He who hath not cannot give" *Blacks Law Dictionary 4th Ed. 1968.* The trustee's deed thus granted Chase no interest in the real estate. The Writ of Restitution that the court issued below as a result of Chase's obtaining an ineffective trustee deed that was the result of its "claiming what was promised to another," violates U.S. Const. art. I § 10, cl. 1, the Contract Clause and amend. XIV § 1, Due Process Clause, and Wash. Const. art. I, § 3, the Contract Clause and § 23, the Due Process clause.

ASSIGNMENT OF ERROR

The trial court erred on November 6, 2009, in entering a summary judgment for a Writ of Restitution authorizing JP Morgan Chase Bank, National Association ("Chase") to evict F. Christopher & Lynn Pace, husband and wife ("the Paces"), after the Paces raised an issue of fact under CR 56(e) & (f) as to whether Chase had standing under CR 17 to sue on the trustee deed

because the trustee deed conveyed no interest in the Paces' real estate. The trustee deed conveyed no interest in the Paces' real estate because Chase was not in privity with the Paces on the Long Beach Mortgage Company ("Long Beach") note ("the Note") and the Long Beach deed of trust ("the Deed of Trust") when it initiated the foreclosure sale.

ISSUES PERTAINING TO ASSIGNMENTS OF ERROR

ISSUE I - PRIVITY

Must Chase have privity of contract with the Paces on the Note and Deed of Trust before it can invoke the foreclosure sale language of para. 21 of the Deed of Trust (CP 130) to foreclose on the real estate? The Paces believe the answer is, "Yes."

ISSUE II - TRUSTEE DEED CONVEYED NO INTEREST IN THE PACES' REAL ESTATE

Did the trustee deed that Chase received from the foreclosure it ordered on the Note and Deed of Trust with which it had no privity, convey any interest in the Paces' real estate to

it? The Paces believe the answer is "No."

ISSUE III - UNCONSTITUTIONAL TAKING

Is the Writ of Restitution the trial court authorized as a result of the trustee's sale that Chase ordered and the trustee deed issued pursuant to the trustee's sale, an unconstitutional taking when there is no privity between Chase and the Paces on the Note and the Deed of Trust? The Paces believe the answer is "Yes."

ISSUE IV - SUMMARY JUDGMENT

Did the Paces, in their submissions to the trial court, create an issue of fact on standing under CR17, that is privity of contract, which, if believed would have been a defense to the action, such that the trial court should have allowed the Paces to undertake discovery on the issue. The Paces believe the answer is "Yes."

ISSUE V - ATTORNEYS' FEES

Chase sought attorneys' fees in the trial court and received an award (RP 6-8). The Paces

request the same for this appeal.

STATEMENT OF THE CASE

I. BACKGROUND

This case arose when Long Beach lent the Paces $253,800.

NOTE

To memorialize the debt, the Paces executed (CP - 106) a note for $253,800 dated February 2, 2005 (CP104 - 106). The language of the Note describing Long Beach varies. Paragraph (1) (CP 104) reads:

> "I promise to pay....to the order of the *Lender*. The *lender* is Long Beach Mortgage Company. I understand that the *Lender* may transfer this note. The *lender* or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "*Note Holder*" (Emphasis added).

The Note thereafter never uses the word "Lender" again. However, it uses the phrase "Note Holder" in paragraph 7 (CP105) entitled "BORROWER'S FAILURE TO PAY AS REQUIRED." The rest of paragraph 7 grants the Note Holder, Long Beach, all of the default provisions and remedies of the

Note, including the right to demand full payment of the Note and payment to it of costs and expenses.

The following sections of the Uniform Commercial Code apply to the Note: ARCW § 62A 3-103(b) defines *instrument* as a *negotiable instrument*. Under ARCW § 62A 3-103(e), an *instrument* is a *note* if it is a *promise*. A *holder* is defined in ARCW § 62A 1-201(20):

> "*Holder*" with respect to a negotiable instrument, means...in the case of an instrument payable to an identified person, if the identified person is in *possession*. (Emphasis added).

ARCW 62A § 3-301 reads, "Person entitled to enforce an *instrument* means (i) the *holder* of the *instrument*" (Emphasis added). Thus, according to the terms of the Note, (CP 104-106) when Long Beach took possession of the Note as the "note holder," it was the one entitled on the record below, to enforce the Note under ARCW 62A § 3-301.

DEED OF TRUST

To secure the Note, the Paces also signed the Deed of Trust (CP 124 - 135). It was recorded

with the Whatcom County Auditor on February 7, 2005.

The language in the Deed of Trust is important. The Deed of Trust states (CP124-125):

> "The *beneficiary* is LONG BEACH MORTGAGE COMPANY...Lender. Borrower owes Lender the sum of...($253,800.00) The debt is evidenced by Borrower's note dated the same date as this Security Interest ("Note") (Emphasis added).

Thus, Long Beach is both the beneficiary and the lender of the Deed of Trust. The only time the word "Beneficiary" appears in either the Note or the Deed of Trust is in this sentence. The word "Beneficiary" is defined in ARCW § 61.24.005(2). It states that "'Beneficiary' means the holder of the instrument or document evidencing the obligations secured by the deed of trust." Thus, the definition of the word "beneficiary" minimally brings into ARCW § 61.24, *et seq.*, those sections of ARCW § 62A, *et seq.*, quoted above, about notes. It is clear in reading the balance of ARCW § 61.24, *et seq.*, that the "beneficiary" is the holder of the note under

ARCW § 62A.3-301 who has the contractual right to foreclose.

The language in paragraph 19 (CP 129) of the Deed of Trust is important for it uses a word defined in federal statute. It reads:

> 19. Sale of Note; Change of Loan *Servicer*. The note or a partial interest in the Note (together with the security interest) may be sold one or more times without prior notice to Borrower (Paces). A sale may result in the change in the entity (known as the "*Loan Servicer*") that collects monthly payments due under the Note and this Security Interest. There also may be one or more changes of the *Loan Servicer* unrelated to a sale of the note. If there is a change of the *Loan Servicer*, Borrower will be given written notice of the change.... The notice will state the name and address of the new Loan *Servicer* and the address to which payments should be made...." (Emphasis added.)

This paragraph, by its terms, draws a clear distinction between the sale of the Note and Deed of Trust (sentence one) and the "loan servicer" discussed in the final five sentences of the paragraph.

The word, "servicer," is a statutory word defined in 12 U.S.C. § 2605(i)(2). "The term

"servicer" means the person responsible for servicing of a loan...." 12 U.S.C. § 2605(i)(3) defines "Servicing" as follows:

> The term "servicing" means receiving any scheduled periodic payments from a borrower pursuant to the terms of any loan, including any payments for escrow accounts described in section 2609 of this title, and making the payments of principal and interest and such other payments with respect to amounts received from the borrower as may be required pursuant to the terms of the loan.

It is clear from the two cited definitions that the servicer of the loan is neither a note holder nor a beneficiary of the Deed of Trust securing the Note.

OCTOBER 10, 2008, LETTER FROM CHASE

The Paces received an October 10, 2008, letter from Chase in Florence, South Carolina (CP 107). It appears to conform with the requirements of 12 U.S.C. § 2605(b & (c) by informing the Paces that the servicing of the loans had been changed from Washington Mutual Bank ("WAMU") to Chase. It makes no statement about the note holder negotiating the Note under

ARCW § 62A.3-201)(2) or the beneficiary assigning the Deed of Trust under ARCW §§ 64.04.010 & . 16.010. It is clear from reading the letter that under paragraph 19 (CP 129), the servicing of the Deed of Trust was assigned from WAMU to Chase.

The Paces fell behind on their payments. They received a Notice of Default...." (CP 109-111). It uses the word, "Beneficiary," in the bottom half of the first page (CP - 109). "Beneficiary" is used again in the sentence below paragraph four (CP 110). The second sentence below paragraph four (CP 110) tells the Paces to send "Reinstatement monies" to Chase, the loan servicer identified in paragraph one of the October 10, 2008, letter (CP107). Paragraph six (CP 111) uses the word "beneficiary" again.[1] Finally, at the bottom (CP111), the wording above the signature line reads "Quality Loan Service Corp. of Washington as Agent for JP Morgan Chase Bank, National Association, the Beneficiary."

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1. ...(t)he beneficiary has elected to accelerate the loan described herein.

There is no mention of the Note (CP 104). Nothing indicates how the "loan servicer" became the "beneficiary" and thus the "note holder." Nothing indicates the negotiation of the Note or assignment of the Deed of Trust to Chase.

The Notice of Trustee's Sale (CP112 - 117) was recorded at the behest of WAMU (CP 112). Paragraph one (CP 112) uses the word, "beneficiary." But, it introduces a phrase not used in ARCW § 61.24, *et seq.*, "beneficial interest," as follows:

> "...to secure an obligation in favor of Long Beach Mortgage Company, as *Beneficiary*, the *beneficial interest* of which was assigned by Long Beach Mortgage Company to JP Morgan Chase Bank, National Association Emphasis added)."

It further uses "beneficial interest" in paragraph II (CP 112).[2] It finally uses "beneficial interest" in paragraph VI (CP 113)[3] The balance of the Notice of Sale (CP 114-116)

2.ending...

3. A written Notice of Default was transmitted by the Beneficiary.... No action commenced by the Beneficiary...is not p

does not use the word. Thus Chase does not claim to be the "beneficiary" of the Note, but only to hold a "beneficial interest" in the Note. The words "Lender" from the Note (CP104-107) and Deed of Trust (CP 124-135) and "Note Holder" from the Note (CP 104-107) do not appear in it. ARCW § 61.24, *et seq.*, clearly states that only the "beneficiary" and not someone holding a "beneficial interest" has the contractual right to foreclosure. Why the change of language?

Next, is the Notice of Foreclosure (CP 118-119). The first sentence on the first page (CP 118) contains the word, "beneficiary." It uses the word, "beneficiary," twice more on the first page in paragraph four (CP 118).[4] It does not use the phrase, "beneficial interest." Since Chase, in the Notice of Trustee's Sale (CP 112-13), does not claim to be the "beneficiary" but only to hold a "beneficial interest," (CP 112-13) why does it use the word, "beneficiary," in the

4. ...(T)o the beneficiary of your Deed of Trust, you must cure such default....which do not involve payment of money to the Beneficiary....

Notice of Default (CP 109-11) and the Notice of Foreclosure (CP 118-22)?

The Paces took proactive measures. Their affidavit and the attachments (CP 101-44) indicate that they contacted the mortgage servicer, Chase. They asked about and received encouragement to apply for a "mortgage modification." They then applied for one (CP 102-03, 140-44). The Paces' declaration states the result. In essence, Chase misled the Paces so they would not take action to cure the default and/or take steps to block the foreclosure sale. The Paces' declaration makes it clear that had they not applied for a mortgage modification application to Chase, they would have prevented the sale (CP 103).

The foreclosure sale took place. Chase received a trustee's deed from the Deed of Trust sale (CP 15-17). Chase brought an action in unlawful detainer (CP 2-22). The Trustee's Deed Upon Sale (CP 15-17) granted title in the real

estate to JP Morgan Chase Bank, National Association (CP15).

The Paces resisted the unlawful detainer action. They resisted it on the basis of standing under CR 17. They now realize that implicit in the standing argument was Chase's absence of privity with them on the Note and the Deed of Trust. If Chase is going to enforce contract rights against the Paces, the Paces have the constitutional right to have Chase prove privity of contract with them, that is privity on the Note and Deed of Trust. Chase refused to produce the negotiated Note and the assigned Deed of Trust. Without privity, Chase cannot invoke the contractual rights in the Note and the Deed of Trust, declare the Note in default, and invoke the power of sale provisions. Chase has possession of the Note and the Deed of Trust and has refused to produce them.

The Paces submitted two additional declarations in support of their opposition to

the motion for writ of restitution. These additional two declarations contain what they expected to prove under CR 56(f). To understand what they expected to prove requires a description of what they believe Long Beach did with their Note and Deed of Trust after they signed and delivered them. They believe Long Beach securitized their Note and Deed of Trust. Kurt Eggert in *Held Up In Due Course: Predatory Lending, Securitization, and the Holder In Due Course Doctrine*, 35 Creighton L Rev 503[5] describes securitization. At 535 he gives the history securitization and at 538 - 546 he describes a

5. Kurt Eggert in *Held Up In Due Course: Codification and the Victory of Form over Content in Negotiable Instrument Law*, 35 Creighton L. Rev. 363 (2002) discusses the history of the holder in due course doctrine at the common law and then at 426, how the Federal Trade Commission and the Federal Reserve Board enacted a regulation that the holder in due course doctrine was invalid in consumer transactions. And in *Held Up In Due Course: Predatory Lending, Securitization, and the Holder In Due Course Doctrine*, 35 Creighton L. Rev. 503, 607-640 (2002) Eggert argued that because of securitization the FTC should extend the same ban on the holder in due course doctrine to home mortgages.

typical securitization of a residential mortgage. The Paces believe that the Note and Deed of Trust were securitized in a similar manner. In the process a note and its deed of trust are assigned and assigned and assigned, until it finally ends up in a trust. The trust sells bonds. The bonds are secured on different parts of the note, such as interest, late fees, etc. The trust has a trustee who receives the payments and this trustee receiving the payments might be the "note holder"[6] and thus the "beneficiary" under the deed of trust. A chapter from Charles Austin Stone and Anne Zissu, *The Securitization Markets Handbook*, 3-23 Bloomberg Press (2005) (CP 47 - 62) is another description of the "securitization" process. The Rube Goldberg flow charts (CP 64, 67) give a visual idea of the securitization process and its assignments. To

6. There is recent posting on a mail list that the trustee is not the "real party in interest" but the certificate holders, that is the purchasers of bonds as will be outlined in the subsequent discussion of the trusts.

summarize, the two articles of Eggert and the book chapter from Stone and Zissu: Notes with purported common characteristics are secured by mortgages with purported common characteristics. These are securitized through successive assignments of the notes and the mortgages into trusts with trustees who hire a loan servicer such as WAMU/Chase to collect the payments and pay the trust. Anyone can find these Asset Backed Security (ABS) trusts on the internet by googling EDGAR SEC, entering a name of a big bank, and then looking under Standard Industrial Code (SIC) 6189. They are a matter of public record.

Amy Florian-Henderson filed a declaration with exhibits (CP 76-100) which outlines her search of the EDGAR SEC on-line database. Her affidavit states the results of her search. CP 84-85 is a download of the Long Beach SIC 6189 ABS trusts that she found (CP 77). These trusts are the result of Long Beach securitizing its

mortgages (including the Paces) through the process described in Eggert, and Stone and Zissu, *supra*. Since Chase has refused to tell the Paces which of the trusts holds the Note, she could not analyze the ABS trust for the Paces. So, she analyzed three of them as being representative. The first is the web page for ABS 2006-7 (CP 86-87)(CP 77-78). The critical document is the 424B5. It is an SEC prospectus which describes how the trust is set up, the assets of the trust, the parties to the trust, the securities sold, and the risk. If downloaded completely, it would be 400 to 500 pages long. CP 88 is the cover page for the 424B5 - *Prospectus [Rule 424(b)(5)]*. CP 89 is a list of the classes of the "certificates" it was going to issue and CP 90 is a Summary of Terms. CP 90 under TRANSACTION reads:

> On or about August 30, 2006...the mortgage loans that support the certificates will be *sold* by (WAMU) ...to Long Beach Mortgage Loan Trust 2006-7. On the closing the the depositor will *sell* the mortgage loans and related assets to the Long Beach Mortgage Trust 2006-7.

(Emphasis added)

"Sell" and "sold" would be a negotiation of the note and an assignment of the deed of trust. CP 91 - 95 (CP 78) are the same documents and contain the same language from the 424B5 for ABS Trust 2006-8 and CP 96 - 100 (CP79) are the same documents and contain the same language from the 424B5 for ABS Trust 2006-9.

The Paces argued that the trial court could not enter the Findings of Fact, Conclusions of Law and Judgment (CP 2 - 4) allow the Writ of Restitution (CP 5-6) because the Paces had raised an issue of fact: Did the "Trustee's Deed Upon Sale" have any legal effect because there was no privity between Chase and the Paces? The issue of fact existed because if their Note and Deed of Trust had been securitized, the real party in interest, that is the "note holder" and "beneficiary," based upon the analysis of the three ABSs, would be Deutsche Bank and not Chase. And even Deutsche Bank had to show "privity" with

the Paces. Because only a party in privity with the Paces on the Note and the Deed of Trust could invoke the sale language of the Deed of Trust, the foreclosure could be brought only in the name of Deutsche Bank, and not Chase, and only then if Deutsche Bank could again show privity. The absence of privity means that the Trustee's Deed is void.

The trial court refused the Paces' argument and authorized the Writ of Restitution.

Appendix I (App. I) supplements the record. It is this attorney's seven-page declaration ("Dec.") with 29 pages of attachments ("Attach.") from the 424B5 for the Loan Trust 2006-7 described in (CP 86-7)(CP 77-8). It is a matter of public record, available on-line through the EDGAR SEC database and anyone with an adequate web browser can locate and print out the 29 pages of Attachments. If printed out in full, this 424B5 would be between 400 and 500 pages long. This attorney searched the 424B5 to identify the

"players of the trust" and to see where the words "assignment" "foreclosure," and "delinquent mortgages" appear (App. I - Dec. para. 2). He downloaded what he found from each search and then described it. App. I, Dec. para. 4 extends from page 2 to page 7 of the affidavit. This paragraph describes the contents of the 29 pages of attachments. To begin with, nothing in the 424B5 converts the mortgage servicer into a beneficiary, i.e. the holder of the notes that the mortgages secure. Deutsche Bank was the trustee of the pooled mortgages and the trust acts through the trustee (App. I. Attach. p. 4). App. I. Attach. pp. 1-7 are the table of contents of the 424B5. The paragraph cited in App. I. Dec. p. 3 is from Attach. p 8. It describes two "sales." Where there are sales, there has to be negotiations of notes and assignments of mortgages. App. I. Dec. p. 4 cites Attach. p 10 that the trustee is Deutsche Bank and that the trust will act through Deutsche Bank. App. I.

Dec. p. 4 cites Attach. pp 10-11 about the assignment of the notes and mortgages to the trustee. App. I. Dec. p. 5 quotes Attach. p. 12: "All of the mortgage loans owned by the trust will be serviced by (WAMU)...The Trustee (Deutsche Bank) will have *possession* of the mortgage files as custodian for the trust" (Emphasis added). Thus, if Deutsche Bank is fulfilling its fiduciary duties under the trust, it, at Chase's request, should produce the Note negotiated from Long Beach to Chase and the Deed of Trust assignment from Long Beach to Chase. App. I. Dec. p. 5 cites Attach. pp. 12-18 for WAMU's duties. App. I. Dec. p. 5 cites Attach. p. 16 entitled *"Servicing of Delinquent Mortgage Loans."* App. I. Dec. p. 5 cites Attach. pp. 18-19 for the players of the trust. App. I. Dec. p. 5 cites pp. 19-21 for default provisions. App. I. Attach 19 under "Procedures for Realization Upon Defaulted Mortgage Assets" reads, "The servicer will use reasonable efforts

acting in the best efforts of the *security holders* to foreclose upon or otherwise take title *in the name of the trustee, on behalf of the security holders....*(Emphasis added). App. I. Dec. p. 6 Attach. p. 21 states when the Servicer may purchase a mortgage from the trust. App. I. Dec. p. 6 cites Attach. pp. 22-24 for "Legal Aspects of Mortgage Assets." App. I. Dec. 6. cites Attach. p. 22: "Foreclosure of a deed of trust is generally accomplished...in accordance with state law."

To summarize, this example 424B5 describes assignments of the notes and the deeds of trust. Deutsche Bank is the trustee of the trust. Nothing in this mammoth document makes Chase a "note holder" of the Note and the "beneficiary" of the Deed of Trust.

Appendix II is a second affidavit of the Paces' attorney. In it, he describes how he sent Exhibit "A," a Qualified Written Request, to WAMU as mortgage servicer under 12 U.S.C. § 2605(e).

Included in the request was the request for the current note holder under 15 U.S.C. § 1641(f)(2) of the Truth In Lending Act. Exhibit "B" is the response he received from Chase on behalf of WAMU. He has heard nothing since. Chase refuses to produce information it has a duty under 12 U.S.C. § 2605(e) to produce.

ISSUE I - PRIVITY

Must Chase have privity of contract with the Paces on the Note and Deed of Trust before it could invoke the foreclosure sale language of para. 21 of the Deed of Trust (CP 130) to foreclose on the real estate? The Paces believe the answer is, "Yes."

ARGUMENT

The Paces signed a Note and Deed of Trust to Long Beach (CP 131,135). A note is evidence of a contract, *Gregory v. Morrow, 4 Wn.2d 144, 155: 102 P.2d 699, 701 (1940).* Contract rights are property, *Tyrpak v. Daniels, 124 Wn.2d 146, 155,*

n. 1; 874 P.2d 1373, 1379 (1994) citing *United States Trust co. v. New Jersey, 431 U.S. 1, 19 n. 16, 52 L. Ed. 2d 92, 97 S. Ct. 1505 (1977).* A mortgage is a contract. See *Speirs v. Jahnse, 143 Wash. 297, 300-01; 255 P.2d 117, 118 (1927).* "A mortgage is (also) an interest in land created by a written instrument providing security for the...payment of debt...." *59 C.J.S. Mortgages § 2.* Both as a contract and an interest in land a mortgage is property rights.

Thus, the Note and Deed of Trust are contracts and property rights.

The settled rule of law is that "no one can maintain an action at law on a contract under seal to which he is not a party." *Williard v. Wood, 135 U.S. 309, 312 ; 34 L.Ed. 210, 213; 10 S. Ct. 831, 832 (1890).* At 313-14; 213-14; 832-33 it further stated:

> If the agreement of the grantee is considered as in the nature of assumpsit,....there being no privity of contract between the grantee and the mortgagee,..it follows that the law as declared by this court and prevailing in the District of Columbia, the mortgagee cannot

maintain an action at law against the grantee (Citations omitted).

Duffy v. Blake, 91 Wash. 140; 157 P. 480 (1916) Black's Law Dictionary 1361 (4th ed. 1968)

is a case about collateral estoppel involving the doctrine of holder in due course. It said the following about privity:

> "'Privity'....[I]n general...denotes a mutual or successive relationship to the same right of property....[T]hat the ground of privity is property...."

17B C.J.S. *Contracts* § 610 (2003) reads as follows:

> "Privity of contract is that connection or relationship which exists between two or more contracting parties.... Privity is the name for a legal relation arising from a right and an obligation; in short, it is the legal relationship to the contract or its parties.
>
> Privity of contract is an essential element of a cause of action on a contract, or an action based on a contractual theory. Since the obligations and duties arising out of a contract are due only to those with whom it is made, generally, only a party to the contract, or one who is in privity, may bring an action for its breach. A party to a contract who has not parted with his or her interest in the contract may sue on the contract. Only a person who is a party or in privity may sue on the contract as a direct proceeding in equity. One who is not a party to a contract has no

> right to enforce it, unless....an assignment of the contract has occurred. Where such an assignment has occurred, privity of contract exists only if the party benefited by the covenant and the assignee actually entered into a contract...(that) contained such covenant...
>
> ...Generally, however, one who is not a party or in privity, and from whom no consideration moves, cannot sue for, or complain of a breach of contract, even though injured by such breach.

The Paces are prepared to accept that Chase is the servicer of the mortgage, as defined in 12 U.S.C. § 2605(i)(2). But, being a servicer does not make the servicer the holder of the Note under ARCW § 62A.3-301 nor the beneficiary of the Deed of Trust under ARCW § 61.24.005(2). For Chase to be a "holder," it has to show negotiation of the Note to it under ARCW § 62A.3-201. To be a "beneficiary" of the Deed of Trust it has to show the assignment of the Deed of Trust to it under ARCW § 64.04.010,.16.010. Chase must have privity. There is nothing in the record indicating such negotiation and assignment.

ISSUE II - TRUSTEE DEED CONVEYED NO INTEREST IN

THE PACES' REAL ESTATE

Did the trustee deed that Chase received from the foreclosure it ordered on the Note and Deed of Trust with which it had no privity, convey any interest in it to the Paces' real estate? The Paces believe the answer is "No."

ARGUMENT

A deed of trust foreclosure is a process by which a property interest in an intangible such as a note or a chose in action is transformed into the ownership of real estate. One form of property is substituted for the other.

59 C.J.S. *Mortgage* § 6 (2003) reads as follows:

> A deed of trust executed for the purpose of securing a debt...is essentially a mortgage.
>
> * * *
>
> Like a mortgage, such a (deed of trust) is a mere security for a debt...and is created for the benefit of the trustor and the beneficiary....It is a mere incident to the debt which it secures, on which it depends, and which it follows, and will pass with an assignment of the debt to the holder.

ARCW § 61.24.020 is in accord with this for it states that "a deed of trust is subject to all

laws relating to mortgages on real property." And that includes the law of privity.

Without privity with the Paces on the Note and the Deed of Trust, Chase could not enforce the two contracts and use the deed of trust sale process (CP 130) to substitute the real estate for the Note. Without a showing of such privity the doctrine of *Nemo date qui non habet* or "He who hath not cannot give" *Blacks Law Dictionary 4th Ed. 1968* applies. This maxim is discussed in *State v. Mermis, 105 An. App. 738, 748 n. 27 20 P.2d 1044, 1049 (2001)* which states:

> Voidable title is distinct from "valid title, which can be passed freely, and "void title," which cannot be passed to any buyer (regardless of good faith status) because of *nemo dat quod non habet* ("he who hath not cannot give") Menachem Mautner, *"The Eternal Triangles of the Law"; Toward a Theory of Priorities in Conflicts Involving Remote Parties, 90 MICH L. Rev. 95, 97-98(1991).*

In accord is a case involving the title to real estate, *Ackerman v. Abbott*, 978 A.2d 1250, 1255 (D.C. 2009):

> A basic principal of property law is encapsulated in the venerable Latin maxim:

> *Nemo date quod non habet* (no one can give what he does not have). *Miller-Long, supra, 676 F. Supp., at 300; 23 AM JUR 2D Deed § 7 (2002).* Accordingly, under this fundamental precept of property law, if the estoppel by deed binds Genevieve, then it also binds appellant. *See Richmond Cedar Works v. West, 152 Va. 533, 147 S.E. 196, 199 (Va. 1929)* ("[T}hose who derive title from or through the parties, ordinarily stand in the same position as the parties, and are bound by every estoppel that would have been binding on the parties.")

A trustee deed based upon a foreclosure is only valid when the note holder and beneficiary of the deed of trust invoking the foreclosure language under ARCW § 61.24 *et seq.* can show privity with the maker of the note and the grantor of the deed of trust. Without Chase showing privity, the trustee was without legal authority to conduct the sale and without legal authority, the trustee's deed is void and conveyed nothing. The trial court should minimally have let the Paces conduct discovery on the issue of privity between Chase and Long Beach or denied the writ, as happened in *Mortgage Elec. Registration Sys. v. Young, 2009 Tex. App. LEXIS 3937 (Tex. App. Fort Worth June 4, 2009)*, where the Court considered

the equities between Mortgage Elect. Registration Sys. which could show no privity and the homeowner after foreclosure and refused to issue the writ of restitution.

ISSUE III - UNCONSTITUTIONAL TAKING

Is the Writ of Restitution the trial court authorized as a result of the trustee's sale that Chase ordered and the trustee deed issued pursuant to the trustee's sale, an unconstitutional taking when there is no privity between Chase and the Paces on the Note and the Deed of Trust? The Paces believe the answer is "Yes."

ARGUMENT

In order for Chase to have standing to bring the unlawful detainer action, it has to establish that the deed that Quality Trustee gave it was the result of a deed of trust sale based upon privity of Chase with the Paces on the Note and

Deed of Trust.

As indicated above, a note is a contract, a mortgage is a contract, and contract rights are property rights.

Wash. Const. Art. I, § 3 reads "No person shall be deprived of...property without due process of law. Wash. Const. Art. I, *§ 23* reads: No...law impairing the obligations of contracts shall ever be passed." U.S. Const. Art. I, § 10, Cl. 1 reads: "No State shall... pass... any... Law impairing the obligation of Contracts." U.S. Const. Amend. 14 *§ 1* reads: "...nor shall any State deprive any person...of property without due process of law...."

The issue becomes how do these constitutional provisions apply to the instant case.

16A C.J.S. *Constitutional Law* § 228 discusses "vested right." At 24, it reads: "Vested rights can arise only from contracts, from statutes and from operation of law." In the

instant case, the Paces' vested rights arise from its two contracts with Long Beach.

16A C.J.S. *Constitutional Law § 336* reads:

> Mortgages..are...within the protection of the contract clause of the constitution, and the obligations thereof may not be directly impaired by legislation. Moreover, since the rights and obligations of the parties are fixed by their agreement, no subsequent enactment should enlarge or diminish such rights or obligations.

The legislature, when it enacted the deed of trust statute, recognized the language above, when in ARCW § 61.24.020 it stated that all deeds of trust are subject to all laws relating to mortgages. "The rule of privity is simply that you cannot claim what was promised to another" Weir, *supra.* In the statute it did not intend to destroy privity as the trial court read it. It established a procedure by which someone in privity with the maker of the note and the grantor of the deed of trust could foreclose without going to court.

The Supreme Court in *K Mart Corp. v. Cartier, 485* U.S. 176, 185, 99 L. Ed. 2d 151,

161,109 S. Ct. 950,957 (1988) stated "Trademark law like contract law confers rights, which are themselves rights of *exclusion*." 73 C.J.S. *Property § 5* lists the *Essential Attributes* of property: Right of use, right of enjoyment, right of disposal, right of acquisition, right of dominion, right of possession, right of use and enjoyment, *right of exclusion, right of disposition* (Emphasis added). The constitutional right of privity of contract is found in the case of *Hartford Acci. & Indem. Co. v. N.O. Nelson Mfg. Co. 291 U.S. 353; 78 L.Ed. 840; 54 S. Ct. 392 (1934).* Hartford issued a surety bond in favor of a real estate owner on a contract with a contractor to build a hotel. The surety bond contract contained the following language at 356, 844, 394: "no right of action shall accrue upon or by reason hereof to or for the benefit of any one other than the obligee (landowner)." The language's purpose was to cut off the claims of materialmen and laborers. However, a pre-

existing Mississippi State statute allowed materialmen and laborers to make claims against the Hartford bond even though they were not in "privity" with Hartford. Mr. Justice Cardoza, in his opinion ruled that as a matter of constitutional law, Hartford had the *exclusive* right to pay under the bond only those with whom it was in privity, and then added what the Paces characterize as an "*unless....*" Mr. Justice Cardoza found the basis for the "*unless....*" in equity, for the materialmen and laborers had improved the obligee (landowner's) real estate. He upheld the Mississippi State statute's modification of the Hartford surety contract and that under such circumstances, as a matter of constitutional law, privity did not have to be proven.

The same reasoning applies in the instant case. The Paces entered two contracts with Long Beach: the Note and the Deed of Trust. They had and have the constitution right to deal

exclusively with Long Beach, "*unless.... "* ARCW § 61.24.005(2) in its definition of the word, "beneficiary," as the holder of the instrument, i.e. note, recognizes the constitutional right of privity. This right of privity means that the Paces have the right to expect that the entity with whom they contracted, Long Beach, will enforce the Note and Deed of Trust, "*unless*" someone proves privity, as outlined above. Chase may fall within the "*unless...*" exception of *Hartford, supra*, when it shows the privity with the Paces, that makes it the holder of the Note under ARCW § 62A.3-301 and the assignee of the Deed of Trust under ARCW §§ 64.04.010, .16.010. Chase, as mortgage servicer of the Paces' loan under 12 U.S.C. § 2605(i)(1), is neither the holder of the Note nor the assignee of the Deed of Trust. Nothing in ARCW 61.24, *et seq.*, dispenses with privity of contract as a condition precedent to a deed of trust foreclosure sale.

The trial court in granting the Writ of

Restitution read the constitutional privity requirement of ARCW § 61.24, *et seq.* out of the statute and destroyed the Paces' constitutional right of privity, that is their right to deal exclusively with the party with whom they contracted, Long Beach. The trial courts destroying the Paces' constitutional right of privity impairs their contract rights under the State and Federal Contract clauses, *supra,* and is "state action" under the State Due Process and Federal 14th Amend Due Process clauses, *supra.*

If one reasons by analogy to a judicial foreclosure, one has to consider CR 60(b) and CR17. Privity and real party in interest are not issues that must be raised within one year, as required by CR 60(b)(1-3), and privity under CR17 is always an issue.

Tony Weir, *supra,* 1619, n. 19 "...(T)he rule *nemo dat quod non habet* to which the Romans admitted no exception.... "

The action of the trial court is allowing

the Writ of Restitution was state action depriving the Paces of their constitution right to privity and as a result of the deprivation, they were also deprived of their property.

ISSUE IV - SUMMARY JUDGMENT

Did the Paces in their submissions to the trial court create an issue of fact on standing under CR17, that is privity of contract, which, if believed would have been a defense to the action, such that the trial court should have allowed the Paces to undertake discovery on the issue. The Paces believe the answer is "Yes."

ARGUMENT

The Paces believe that the record they created speaks for itself. It creates an issue of fact under CR 56(f) on whether Chase was in privity of contract with the Paces at the time it initiated the Deed of Trust foreclosure. As a matter of law it is clear that in order for Chase to order a trustee's sale, it had to be in privity of contract with the Paces on the Note

and the Deed of Trust. If it were not in privity, the trustee deed could convey not interest in the Paces real estate. Chase could end this appeal by producing the negotiated Note and assigned Deed of Trust. It has refused.

ISSUE V - ATTORNEYS' FEES

Chase sought attorneys' fees in the trial court and received an award (RP 6-8). The Paces request the same for this appeal.

CONCLUSION

The Paces want this Court to reverse the order of the trial court authorizing the issuance of the Writ of Restitution and remand the case to the trial court so that the Paces may conduct discovery to determine if Chase was in privity with the Paces on the Note and the Deed of Trust when it initiated the deed of trust foreclosure sale. As the Paces have indicated previously, if Chase produces a properly negotiated Note and a properly assigned Deed of Trust, they will

dismiss this appeal.[7]

Dated at Bellingham, Washington, this 30th day of September, 2010.

Respectfully submitted

James Sturdevant
WSBA #8016
Attorney for Appellant

7. The issues of whether there has been a proper negotiation of the Note and a proper assignment of the Deed of Trust are not before the Court, for Chase has refused to produce the documents. It is only when Chase produces the Note it contends was negotiated to it and the Deed of Trust that it contends was assigned to it, that the Paces will be able to reach the adequacy of negotiation and assignment.

COURT OF APPEALS FOR THE STATE OF WASHINGTON
DIVISION I

JP MORGAN CHASE BANK, N.A., Plaintiff/Respondent, v. F. CHRISTOPHER PACE & LYNN PACE, Defendants/Appellants.	Case No. 64443-2

APPENDIX I

ATTORNEY DECLARATION ON QWR REQUESTING HOLDER OF NOTE, PURSUANT TO TILA - 1/1

HONORABLE THOMAS T. GLOVER
HEARING DATE: April 28, 2010
HEARING TIME: 9:30 A.M.
HEARING LOCATION: MARYSVILLE, WA
RESPONSE DATE: APRIL 21, 2010

UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

In re:	
FRANK CHRISTOPHER PACE & LYNN ELAINE PACE, husband and wife,	Chapter 13
	BANKRUPTCY NO. 10-13238-TTG
Debtors.	ATTORNEY DECLARATION # 3 IN SUPPORT OF RESPONSE TO CHASE MOTION FOR RELIEF FROM STAY

1. I am the attorney for the debtors. I have personal knowledge of the matters outlined below and am competent to testify about same. This affidavit is about a Long Beach Mortgage SIC 6189, Asset Backed Securities Trust. It was chosen from a list. Only Chase has the information about which trust the debtors' mortgage was assigned to and who the trustee of the trust. The debtors believe that this SIC 6189 would be typical of a Long Beach Mortgage SIC 6189 and that in all likelihood their mortgage note would be subject to the same kind of 424B5 and its terms and conditions. Exhibit "A" attached are excerpts from the 424B5, Prospectus, from the Long Beach Mortgage Loan Trust 2006-7 identified in paragraph 4 of Exhibit "A" attached to the declaration of Amy Henderson-Florian. This affidavit incorporates all of the 424B5 herein by this reference as if fully set out herein.

2. I selected the excerpts by using certain words in the "Edit > Find In This Page" in

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my browser. I only bring the excerpts to this Court's attention for if this Court goes to the webpage, it will see that the 424b5 is a very large document. The 424B5 is the representations that are made to the world to induce the world to purchase the bonds secured on pools of mortgages entitled "Certificates." I have downloaded 424B5s. They are usually a 500 page document. I have ordered a certified copy of a 424B5 for a different mortgage loan trust such as this one. I was expecting to receive a document about 500 pages long. Instead, I received a copy of all of the filings for the trust including the 10-K annual reports. The certified copies totaled over 8,000 pages, in packets of 500 pages. Each packet was two hole punched on the left. A blue ribbon ran through both holes and was tied. An embossed gold seal was stamped on the blue ribbon. It is for these reasons that I do not attach either a complete copy of the 424B5 or a certified copy of it.

3. The selections that I downloaded were those that were about the players of the trust, assignment, foreclosure and delinquent mortgages. I will now describe the sections of the 424B5 that I downloaded and what they tell us about this trust. The first 24 pages of selections, I believe, are in the order in which they appear in the 424B5. The "bars" across the page are gaps in the text. The selections beginning at page 24 are the results of a search. This attorney used the search term "assignment" for the 424B4. The results are on pages 24 - 29 and are the sections in which the term "assignment" is used. As indicated on page 29, he did not include those for mobile homes and apartment cooperatives. The Paces believe that once Chase responds to theirs QWR and identifies the holder of their note as required by TILA, that the trust their note was assigned to will be similar to this one.

4. The trust is "The Long Beach Mortgage Loan Trust 2006-7.

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Pg. 1: The trust has sixteen classes of "offered certificates" and five classes of privately placed certificates. "Each class of offered certificates will be entitled to receive monthly distribution of interest or principal...." "The primary asset of the trust will be a pool of subprime first and second liens, adjustable-rate and fixed-rate residential mortgage loans."

Pp . 1 through 7 is the table of contents.

Pp. 7 & 8 describe the "Transaction Participants." WAMU Bank is the Sponsor and Servicer. The Depositor is Long Beach Securities Corp. The Issuing Entity is Long Beach Mortgage Loan Trust 2006-7. The Calculation Agent is WAMU Mortgage Securities. The Trustee is Deutsche Bank.

Pg. 8: Transaction:

> "On or about August 30, 2006, ...the mortgage loans that support the certificates will be sold by (WAMU Bank), the sponsor of the securitization transaction to Long Beach Securities..,., the depositor. ...the depositor will sell the mortgage loans and related assets to Long Beach Mortgage Loan Trust 2006-7. In exchange for the mortgage loans and related assets, the trust will issue the certificates pursuant to the order of the depositor.
>
> The mortgage loans will be serviced by (WAMU Bank), as servicer. (WAMU Mortgage Securities Corp.) will act as calculation agent and be responsible for calculating pay-off amounts for each monthly distribution on the certificates. Some servicing functions will be performed by Deutsche Bank National Trust Company, as trustee....
>
> The trustee of the trust will be Deutsche Bank National Trust Company (Deutsche).... Deutsche will also review the mortgage notes, mortgages and certain other legal documents related to the mortgage loans as custodian for the trust in according with the review requirements of the pooling agreement."

The Paces expect to prove that their mortgage was transferred to a trust such as the one described here in the manner described in the paragraphs above.

Page 10: The Trust:

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"The issuer of the certificates, the Long Beach Mortgage Loan Trust 2006-7, will be a statutory trust formed under the laws of the State of Delaware pursuant to a trust agreement between Long Beach Securities Corp., as depositor, and Deutsche Bank Trust Company Delaware, as Delaware trustee. The pooling agreement among the depositor, Washington Mutual Bank, as servicer, Deutsche Bank National Trust Company, as trustee, and Deutsche Bank Trust Company Delaware, as Delaware trustee, will restate the trust agreement and will be the governing instrument of the trust.

The trust will not own any assets other than the mortgage loans and the other assets described below. The trust will not have any liabilities other than those incurred in connection with the pooling agreement and any related agreement. The trust will not have any directors, officers, or other employees. No equity contribution will be made to the trust by the sponsor, the depositor or any other party, except for a de minimis contribution made by the depositor pursuant to the trust agreement, and the trust will not have any other capital. The fiscal year end of the trust will be December 31. *The trust will act through the trustee and the Delaware trustee*. The trustee, whose initial acceptance fees will be paid by the sponsor, will act on behalf of the trust and the certificateholders in accordance with the terms of the pooling agreement. The trustee will be entitled to income earnings on deposits in the distribution account." (Emphasis Added)

The emphasized language is important. Since the Paces expect to prove that their mortgage was assigned to a trust such as this one, they expect to prove that the trust will act through its trustee. Moreover they expect to prove that in all likelihood Deutsche Bank is the trustee of the trust to which their mortgage was assigned.

Pp. 10 - 11: Assignment of the Mortgage Loans and Other Assets to the Trust

Top of page 11:

"The mortgage notes will be endorsed in blank or to the trustee and assignments of the mortgages to the trust will be prepared in blank or to the trustee but will not be recorded except upon the occurrence of certain events described in the pooling agreement. The sponsor will not be required to provide assignments of mortgage or intervening assignments of mortgage if the related mortgage is held through the MERS® system. In addition, the mortgages for some or all of the mortgage loans that are not already held through the MERS® system may, at the discretion of the servicer, in the future be held through the MERS® system. Deutsche Bank National Trust Company, the trustee, will have possession of and will review the mortgage notes, mort-

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gages and mortgage files containing the documents specified in the pooling agreement in accordance with its terms." (Emphasis Added)

The critical point here is that the Paces expect that their mortgage note to Long Beach was assigned to the trustee.

Pg. 12. "All of the mortgage loans owned by the trust will be serviced by (WAMU Bank)....The Trustee will have possession of the mortgage files as custodian for the trust." The point is that the Paces expect to prove that Deutsche Bank possesses their mortgage file, including their note to Long Beach Mortgage.

Pp. 12 - 18 describe the servicer (WAMU Bank)'s duties.

Page 16 has a subsection entitled "*Servicing of Delinquent Mortgage Loans*" It reads:

> "The servicer will make reasonable efforts to collect or cause to be collected all delinquent payments (that is, payments that are more than 30 days past due). Such efforts may include payment reminder telephone calls to the mortgagor, letter campaigns and drive-by property inspections. The servicer will be required under the pooling agreement to make reasonable efforts to foreclose upon the mortgaged property related to each defaulted mortgage loan as to which no satisfactory arrangements can be made for collection of delinquent payments. Under the pooling agreement, the servicer will be permitted in lieu of foreclosure to accept a payment of less than the outstanding principal balance of the defaulted mortgage loan if in the judgment of the servicer doing so could reasonably be expected to result in collections and other recoveries with respect to the mortgage loan in excess of net liquidation proceeds that would be recoverable upon foreclosure. The servicer will not be permitted to foreclose upon a mortgaged property if it is aware of evidence of toxic waste or other environmental contamination on the mortgaged property except as provided in the pooling agreement. See "Description of the Securities—Procedures for Realization Upon Defaulted Mortgage Assets" and "Legal Aspects of the Mortgage Assets—Foreclosure on Mortgages" in the prospectus. "

Pp 18 & 19 describe the players.

Pp. 19 - 21 are "Procedures for Realization Upon Defaulted Mortgage Assets." Nothing in

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them converts the servicer into the beneficiary.

Page 21 "Special Servicing Agreements" It allows the servicer to purchase the delinquent mortgage if it pays the amount due on the mortgage plus accrued interest. If Chase produced such an assignment with a canceled check, we would not be here today.

Pp. 22 - 24 - "LEGAL ASPECTS OF MORTGAGE ASSETS" Pp. 22- 24 describes "Foreclosure on Mortgages."

Pp 24 - 29 are the results of a search through the 424B5 with the word "assignment." Nothing in them makes the servicer of the trust become the beneficiary of the trust upon delinquency.

SUMMARY

5. The Paces, once they obtain the information from Chase, expect to prove that their mortgage note was assigned quite a number of times until it ended up in a trust such as the one described with Deutsche Bank as its trustee. Even setting aside the issue of assignment, minimally Deutsche Bank as trustee of the SIC 6189 trust is the beneficiary, note holder, holder of the beneficial interest of their Long Beach note. It and not Chase was the one that as a matter of law had to initiate the deed of trust sale. As a result the deed of trust sale was invalid and the trustee's deed is without legal effect.

6. I hereby certify and declare under penalty of perjury under the laws of the State of Washington that the above and foregoing is true and correct.

DATED at Bellingham, WA, this 16 day of April, 2010.

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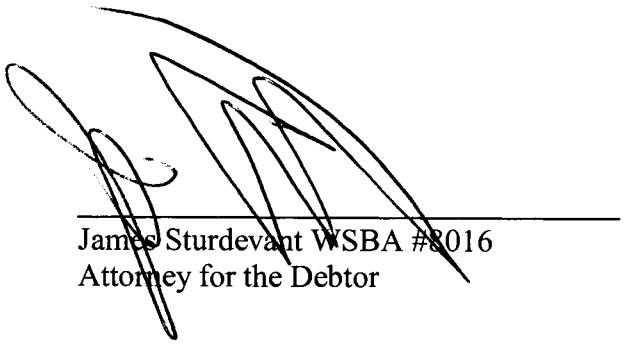

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Prospectus Supplement to Prospectus dated July 21, 2006

LONG BEACH MORTGAGE LOAN TRUST 2006-7

Issuing Entity

ASSET-BACKED CERTIFICATES, SERIES 2006-7

LONG BEACH SECURITIES CORP.

Depositor

Washington Mutual

Long Beach Mortgage

Sponsor and Servicer

$1,562,286,000 (Approximate)

Consider carefully the risk factors beginning on page S-12 in this prospectus supplement and on page 1 in the accompanying prospectus.

The certificates will represent interests only in the issuing entity, which is Long Beach Mortgage Loan Trust 2006-7 and do not represent an interest in or obligation of Long Beach Securities Corp., Washington Mutual Bank or any of their affiliates.

Neither these certificates nor the underlying mortgage loans are guaranteed by any agency or instrumentality of the United States.

The Long Beach Mortgage Loan Trust 2006-7 will issue sixteen classes of offered certificates, which are identified below, and five classes of privately placed certificates. Each class of offered certificates will be entitled to receive monthly distributions of interest or principal or both, beginning on September 25, 2006. The pass-through rate for each class of offered certificates will be variable and will be based in part on the one-month LIBOR index. The table below contains a list of the classes of offered certificates, including the original certificate principal balance of each class and pass-through rate. Further information concerning the offered certificates, including the calculation of the applicable pass-through rates, is included in the summary of this prospectus supplement, beginning at page S-1.

The primary asset of the trust will be a pool of sub-prime first and second lien, adjustable-rate and fixed-rate residential mortgage loans. The trust will also contain other assets described in this prospectus supplement.

The Offered Certificates

Total principal amount **$1,562,286,000 (approximate)**

First payment date **September 25, 2006**

Interest and/or principal paid **Monthly**

Assumed final distribution date **August 2036**

Credit enhancement for the senior certificates is being provided by eleven classes of mezzanine certificates, which will be subordinated to the senior certificates. Additional credit enhancement with respect to the offered certificates is provided in the form of excess interest, overcollateralization, allocation of losses and cross-collateralization. The offered certificates will have the benefits of primary mortgage insurance for certain of the first lien mortgage loans with original loan-to-value ratios in excess of 80% and the swap agreement.

Class	Original Certificate Principal Balance	(1) Pass-Through Rate	Price to Public	Underwriting Discount	Proceeds to the (2) Depositor
Class I-A	$360,139,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class II-A1	409,168,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class II-A2	142,278,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class II-A3	286,209,000	Variable	[___.____]%	[_.____]%	[__.____]%

Class II-A4	93,069,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-1	51,092,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-2	47,898,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-3	29,537,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-4	26,344,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-5	25,546,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-6	20,756,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-7	15,966,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-8	15,966,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-9	11,176,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-10	11,176,000	Variable	[___.____]%	[_.____]%	[__.____]%
Class M-11	15,966,000	Variable	[___.____]%	[_.____]%	[__.____]%

You should be certain to review the information in this prospectus supplement for a description of the specific terms of your certificates.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find further related discussions. The following table of contents and the table of contents included in the accompanying prospectus provide the pages on which these captions are located.

You can find a listing of the pages where some of the capitalized terms used in this prospectus supplement and the accompanying prospectus are defined under the caption "Index of Defined Terms" in this prospectus supplement and under the caption "Glossary" beginning on page 132 in the accompanying prospectus. Capitalized terms used in this prospectus supplement and not otherwise defined in this prospectus supplement have the meanings assigned in the accompanying prospectus.

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PROSPECTUS SUPPLEMENT

Page

TRANSACTION PARTICIPANTS

Sponsor and Servicer

Washington Mutual Bank, a federal savings association. As of July 1, 2006, Long Beach Mortgage Company, a wholly-owned subsidiary of Washington Mutual Bank and, since December 2000, the sponsor and master servicer in securitizations of sub-prime residential mortgage loans through Long Beach Securities Corp., as depositor, became a division of Washington Mutual Bank.

Depositor

Long Beach Securities Corp., a Delaware corporation and a wholly owned subsidiary of Washington Mutual Bank.

Issuing Entity

Long Beach Mortgage Loan Trust 2006-7, a Delaware statutory trust established pursuant to the pooling agreement among the depositor, the servicer, the trustee and the Delaware trustee.

Calculation Agent

Washington Mutual Mortgage Securities Corp., a Delaware corporation.

Trustee

Deutsche Bank National Trust Company, a national banking association.

Delaware Trustee

Deutsche Bank Trust Company Delaware, a Delaware banking corporation.

Swap Counterparty

Wachovia Bank, N.A.

Primary Mortgage Insurance Provider

PMI Mortgage Insurance Co., an Arizona corporation.

NIMS Insurer

In the future, the depositor may decide to proceed with the issuance of net interest margin securities ("**NIMS**") to be backed, in whole or in part, by the Class C Certificates and the Class P Certificates. The NIMS, if issued, would be issued by an affiliate of the depositor or by one or more entities sponsored by an affiliate of the depositor after the closing date. One or more insurance companies ("**NIMS insurer**") may issue a financial guaranty insurance policy covering certain payments to be made on the NIMS, if issued. In such event, the NIMS insurer will have various rights under the pooling agreement and will be able to exercise certain rights that could adversely impact the certificateholders. See "*Risk Factors—Certain Rights of the NIMS Insurer May Adversely Affect the Rights of Holders of Offered Certificates" in this prospectus supplement.*

TRANSACTION

On or about August 30, 2006, which is the closing date, the mortgage loans that support the certificates will be sold by Washington Mutual Bank, the sponsor of the securitization transaction, to Long Beach Securities Corp., the depositor. On the closing date, the depositor will sell the mortgage loans and related assets to the Long Beach Mortgage Loan Trust 2006-7. In exchange for the mortgage loans and related assets, the trust will issue the certificates pursuant to the order of the depositor.

The mortgage loans will be serviced by Washington Mutual Bank, as servicer. Washington Mutual Mortgage Securities Corp. will act as calculation agent and be responsible for calculating pay-off amounts for each monthly distribution on the certificates. Some servicing functions will be performed by Deutsche Bank National Trust Company, as trustee. Some servicing functions will be outsourced to third party vendors.

The trustee of the trust will be Deutsche Bank National Trust Company, and the Delaware trustee will be Deutsche Bank Trust Company Delaware. Deutsche Bank National Trust Company will also review the mortgage notes, mortgages and certain other legal documents related to the mortgage loans as custodian for the trust in accordance with the review requirements of the pooling agreement.

WHAT YOU OWN

Your certificates represent interests *only* in the assets of the issuing entity. All payments to you will come only from the amounts received in connection with those assets.

The issuing entity will own a pool of mortgage loans and other assets, as described under "The Trust" in this prospectus supplement.

On the closing date, there will be no outstanding series or classes of securities that are backed by the assets of the issuing entity or otherwise have claims on the assets of the issuing entity, other than the certificates. The depositor does not expect that any securities representing additional interests in or claims on the assets of the issuing entity will be issued in the future.

Mortgage Loans

The trust will acquire a pool of first and second lien, adjustable-rate and fixed-rate residential mortgage loans which will be divided into two loan groups, Loan Group I and Loan Group II. Loan Group I will consist of first and second lien, adjustable-rate and fixed-rate mortgage loans with principal balances that conform to Fannie Mae and Freddie Mac loan limits and Loan Group II will consist of first and second lien, adjustable-rate and fixed-rate mortgage loans with principal balances that may or may not conform to Fannie Mae and Freddie Mac loan limits.

As of August 1, 2006, which is the cut-off date, the mortgage loans will consist of approximately 7,500 mortgage loans with an aggregate scheduled principal balance as of the cut-off date of approximately $1,596,614,194 consisting of approximately 2,863 Group I mortgage loans with an aggregate scheduled principal balance as of the cut-off date of approximately $445,440,709 and approximately 4,637 Group II mortgage loans with an aggregate scheduled principal balance as of the cut-off date of approximately $1,151,173,484. The scheduled principal balance of a mortgage loan as of any date is equal to the principal balance of that mortgage loan at origination, less all scheduled payments of principal on that mortgage loan due on or before that date, whether or not received.

THE SPONSOR

General

Washington Mutual Bank, the sponsor of the securitization transaction, is a federal savings association that provides financial services to consumers and commercial clients. It is an indirect wholly-owned subsidiary of Washington Mutual, Inc. At June 30, 2006, Washington Mutual, Inc. and its subsidiaries had assets of $350.9 billion. The sponsor and its affiliates currently operate more than 2,600 retail banking, mortgage lending, commercial banking and financial services offices throughout the United States.

Securitization of mortgage loans is an integral part of the sponsor's management of its capital. It has engaged in securitizations of prime and Alt-A first lien single-family residential mortgage loans through WaMu Asset Acceptance Corp., as depositor, since 2005, and through Washington Mutual Mortgage Securities Corp., as depositor, since 2001. From 1997 until 2001, the sponsor engaged in securitizations of single-family residential mortgage loans through unaffiliated depositors, and some of its predecessor organizations also securitized mortgage loans. It has engaged in securitizations of multi-family and commercial mortgage loans through unaffiliated depositors since 2001.

Beginning in December 2000, Long Beach Mortgage Company, initially as a subsidiary of Washington Mutual, Inc. and, after March 1, 2006, as a subsidiary of the sponsor, engaged in securitizations of sub-prime first and second lien residential mortgage loans through Long Beach Securities Corp., as depositor. From 1997 until 2000, Long Beach Mortgage Company engaged in securitizations of sub-prime first and second lien residential mortgage loans through unaffiliated depositors. As of July 1, 2006, Long Beach Mortgage Company became a division of Washington Mutual Bank and Long Beach Securities Corp., the depositor, became a wholly-owned subsidiary of Washington Mutual Bank.

The sponsor generally acts as servicer of all mortgage loans securitized by the sponsor, and it will act as servicer of the mortgage loans owned by the trust. The sponsor participated with the underwriters in structuring the securitization transaction.

The following table shows, for each indicated period, the aggregate principal balance of all sub-prime first and second lien residential mortgage loans originated by the sponsor through Long Beach Mortgage, a division of Washington Mutual Bank ("**Long Beach Mortgage**") (including those purchased by the sponsor through Long Beach Mortgage from correspondent lenders) during that

period and the portion of those mortgage loans securitized during that period through the depositor. The term "Long Beach Mortgage" in this prospectus supplement includes Long Beach Mortgage Company prior to July 1, 2006.

THE DEPOSITOR

Long Beach Securities Corp., the depositor, is a Delaware corporation and a wholly owned subsidiary of the sponsor. The depositor engages in no activities other than securitizing assets. It will have no material continuing obligations with respect to the mortgage loans or the certificates following the issuance of the certificates, other than the obligations to indemnify the underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

THE TRUST

The issuer of the certificates, the Long Beach Mortgage Loan Trust 2006-7, will be a statutory trust formed under the laws of the State of Delaware pursuant to a trust agreement between Long Beach Securities Corp., as depositor, and Deutsche Bank Trust Company Delaware, as Delaware trustee. The pooling agreement among the depositor, Washington Mutual Bank, as servicer, Deutsche Bank National Trust Company, as trustee, and Deutsche Bank Trust Company Delaware, as Delaware trustee, will restate the trust agreement and will be the governing instrument of the trust.

The trust will not own any assets other than the mortgage loans and the other assets described below. The trust will not have any liabilities other than those incurred in connection with the pooling agreement and any related agreement. The trust will not have any directors, officers, or other employees. No equity contribution will be made to the trust by the sponsor, the depositor or any other party, except for a de minimis contribution made by the depositor pursuant to the trust agreement, and the trust will not have any other capital. The fiscal year end of the trust will be December 31. The trust will act through the trustee and the Delaware trustee. The trustee, whose initial acceptance fees will be paid by the sponsor, will act on behalf of the trust and the certificateholders in accordance with the terms of the pooling agreement. The trustee will be entitled to income earnings on deposits in the distribution account.

Assignment of the Mortgage Loans and Other Assets to the Trust

A pool of mortgage loans, as described in this prospectus supplement, will be sold to the trust on or about August 30, 2006 (the "**closing date**"). The trust will own the right to receive all payments of principal and interest on the mortgage loans due after August 1, 2006 (the "**cut-off date**"). A schedule to the pooling agreement will include information about each mortgage loan, including:

- the applicable loan group;
- the scheduled principal balance as of the close of business on the cut-off date;
- the term of the mortgage loan; and
- the mortgage interest rate as of the close of business on the cut-off date and information about how that mortgage interest rate adjusts, if applicable.

The mortgage notes will be endorsed in blank or to the trustee and assignments of the mortgages to the trust will be prepared in blank or to the trustee but will not be recorded except upon the occurrence of certain events described in the pooling agreement. The sponsor will not be required to provide assignments of mortgage or intervening assignments of mortgage if the related mortgage is held through the MERS® system. In addition, the mortgages for some or all of the mortgage loans that are not already held through the MERS® system may, at the discretion of the servicer, in the future be held through the MERS® system. Deutsche Bank National Trust Company, the trustee, will have possession of and will review the mortgage notes, mortgages and mortgage files containing the documents specified in the pooling agreement in accordance with its terms.

The trustee will review each mortgage file either on or before the closing date or within one year of the closing date or subsequent transfer date, as applicable (or promptly after the trustee's receipt of any document permitted to be delivered after the closing). If any document in a mortgage file is found to be missing or materially defective with the criteria specified in the pooling agreement, such defect is material and the sponsor does not cure that defect within 90 days of notice from the trustee (or within a longer period after the closing date as provided in the pooling agreement in the case of missing documents not returned from the public recording office), the sponsor will be obligated to repurchase the related mortgage loan from the trust. See "The Mortgage Pool —Representations and Warranties Regarding the Mortgage Loans" in this prospectus supplement for a description of the requirements with respect to repurchases of mortgage loans.

Rather than repurchase the mortgage loan as provided above, the sponsor may remove the mortgage loan (a "**deleted mortgage loan**") from the trust and substitute in its place another mortgage loan (a "**qualified substitute mortgage loan**"); however, substitution is permitted only within two years of the closing date and may not be made unless an opinion of counsel is provided to the trustee to the effect that substitution will not disqualify the trust as a REMIC or result in a prohibited transaction tax under the Code. Any qualified substitute mortgage loan generally will, on the date of substitution, among other characteristics specified in the pooling agreement:

- have a principal balance, after deduction of all scheduled payments due in or prior to the month of substitution, not in excess of, and not more than 5% less than, the outstanding principal balance of the deleted mortgage loan (the amount of the difference between the purchase price of the deleted mortgage loan and the principal balance of the qualified substitute mortgage loan will be deposited by the sponsor and held for distribution to the certificateholders on the related distribution date (a "**substitution adjustment**")),

- have a current mortgage rate not lower than, and not more than 1% per annum higher than, that of the deleted mortgage loan,

- with respect to an adjustable-rate mortgage loan, (a) have a mortgage rate subject to a minimum mortgage rate not less than the minimum mortgage rate applicable to the deleted mortgage loan, (b) have a margin at least equal to that of the deleted mortgage loan, (c) have a mortgage rate subject to a maximum rate that is not greater than the maximum rate applicable to the deleted mortgage loan and (d) have a next adjustment date that is not more than two months later than the next adjustment date on the deleted mortgage loan,

- have a loan-to-value ratio not higher than that of the deleted mortgage loan,

- have a remaining term to maturity not later than (and not more than one year less than) that of the deleted mortgage loan, and

- comply with all of the representations and warranties applicable to the mortgage loans as specified in the mortgage loan purchase agreement as of the date of substitution.

This cure, repurchase or substitution obligation constitutes the sole remedy available to certificateholders or the trustee for omission of, or a material defect in, a mortgage loan document.

The mortgage pool will be the primary asset of the trust. The trust will also contain other assets, including:

- insurance policies related to individual mortgage loans, if applicable, including the PMI policy;

- any property that secured a mortgage loan that the trust acquires after the cut-off date by foreclosure or deed in lieu of foreclosure;
- the right to receive certain payments paid to the supplemental interest trust trustee under the swap agreement; and
- amounts held in the distribution account, the reserve fund and the final maturity reserve account.

In exchange for the mortgage loans and the other assets described above, the trustee will authenticate and deliver the certificates pursuant to the order of the depositor. It is the intent of the parties to the pooling agreement that the conveyance of the mortgage loans and the related assets to the trust constitute an absolute sale of those assets. However, in the event that the pooling agreement for any reason is held or deemed to create a security interest in those assets, then the pooling agreement will constitute a security agreement and the depositor will grant to the trust a security interest in those assets.

Restrictions on Activities of the Trust

Pursuant to the pooling agreement, the trust will have the power and authority (i) to acquire, hold, lease, manage, administer, control, invest, reinvest, operate and transfer assets of the trust, (ii) to issue and make distributions on the certificates and (iii) to engage in such other activities as are described in the pooling agreement. The trust will be required to act in accordance with requirements specified in the pooling agreement that are designed to maintain the trust's existence as a legal entity separate and distinct from any other entity and to maintain the qualification of the REMICs created by the pooling agreement as REMICs. The trust will not be permitted to do any of the following:

- to engage in any business or activity other than those described in the pooling agreement;
- to incur or assume any indebtedness other than indebtedness incurred under the pooling agreement or any related agreement;
- to guarantee or otherwise assume liability for the debts of any other entity;
- to confess a judgment against the trust;
- to possess or assign the assets of the trust for other than a trust purpose;
- to lend any funds to any entity, except as contemplated by the pooling agreement; or
- to do other actions prohibited by the pooling agreement.

The permissible activities of the trust may not be modified except by an amendment to the pooling agreement. See "Description of the Certificates—Amendment of the Pooling Agreement" in this prospectus supplement.

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THE SERVICERS

General

All of the mortgage loans owned by the trust will be serviced by Washington Mutual Bank, as servicer, pursuant to the pooling agreement. Washington Mutual Mortgage Securities Corp. will act as calculation agent and be responsible for calculating loan pay-off amounts for each monthly distribution on the certificates. The trustee will be responsible for calculating monthly distributions on the certificates, preparing monthly distribution reports and other functions, as described under "—The Trustee—*Material Duties of*

the Trustee" below. The trustee will have possession of the mortgage files as custodian for the trust. See "—The Trustee—*The Custodian*" below.

The servicer will outsource to third party vendors some servicing functions, as described under "—The Servicer—Servicing Procedures—*The Servicer's Third Party Vendors*" below.

The Servicer

The Servicer's Servicing Experience

The servicer has been servicing residential mortgage loans for over 100 years. The residential mortgage loans serviced by the servicer have included, since 2001, sub-prime residential mortgage loans serviced for Long Beach Mortgage Company and for its securitization trusts and, since October 2005, sub-prime residential mortgage loans purchased by, and serviced for, Washington Mutual Mortgage Securities Corp., and for its securitization trusts. Long Beach Mortgage Company, which became a division of Washington Mutual Bank as of July 1, 2006, was, and Washington Mutual Mortgage Securities Corp. is, an affiliate of the sponsor.

The following table shows the number and aggregate principal balance of sub-prime first and second lien mortgage loans serviced by the servicer as of each specified date.

Sub-prime Mortgage Loans Serviced by the Servicer

	As of December 31			
	2003	**2004**	**2005**	**As of June 30, 2006**
	(Dollar Amounts in Millions)			
Number of Sub-prime Mortgage Loans Serviced for Sponsor or its Affiliates (or their Securitization Trusts)	141,986	167,572	198,556	249,134
Aggregate Principal Balance	$19,853	$24,835	$33,132	$41,931
Number of Sub-prime Mortgage Loans Serviced for Third Parties	492	11,423	40,920	1,890
Aggregate Principal Balance	$60	$678	$6,377	$296

Servicing Procedures

Servicing Functions. The functions to be performed by the servicer will include payment collection and payment application, investor reporting and other investor services, default management and escrow administration. The servicer will perform its servicing functions at loan servicing centers located in Florence, South Carolina; Milwaukee, Wisconsin; Chatsworth, California; and Jacksonville, Florida.

Servicing Standard; Waivers and Modifications. Pursuant to the pooling agreement, the servicer will be required to service the mortgage loans in the best interests and for the benefit of the certificateholders (as determined by the servicer in its reasonable judgment) in accordance with the terms of the pooling agreement and related mortgage loans and (unless inconsistent with those servicing practices) in the same manner in which it services and administers similar mortgage loans for its own portfolio, considering customary and usual standards of practice of lenders and servicers administering similar mortgage loans in the local area where the

mortgaged property is located. The servicer will be required to make reasonable efforts to collect or cause to be collected all payments under the mortgage loans and, to the extent consistent with the pooling agreement and applicable insurance policies, follow such collection procedures as it would follow with respect to comparable mortgage loans that are held for its own account. The servicer will be responsible for filing claims under the PMI policy on behalf of the trust.

Consistent with the servicing standard described above, the servicer will be permitted to waive, modify or vary any term of any mortgage loan, subject to certain conditions, as described in "Description of the Securities—Collection and Other Servicing Procedures Employed by the Servicer" in the prospectus.

Mortgage Loan Servicing System. In performing its servicing functions, the servicer will use computerized mortgage loan servicing systems that it leases from Fidelity Information Services, a division of Fidelity National Financial ("**Fidelity**"), a third party vendor (collectively, the "**Fidelity System**"). The Fidelity System produces detailed information about the financial status of each mortgage loan, including outstanding principal balance, current interest rate and the amount of any advances, unapplied payments, outstanding fees, escrow deposits or escrow account overdrafts, and about transactions that affect the mortgage loan, including the amount and due date of each payment, the date of receipt of each payment (including scheduled payments and prepayments), and how the payment was applied. The Fidelity System also produces additional information about mortgage loans that are in default, including the amount of any insurance and liquidation proceeds received. The servicer began using the Fidelity System in 1996.

Collection Account, Servicing Account, Reserve Account and Distribution Account. Mortgagor payments on the mortgage loans, including scheduled monthly payments, any full or partial prepayments and any escrow payments (which are payments made by some mortgagors and held by the servicer in escrow for future payment of taxes and insurance), will initially be deposited into either a lockbox account maintained by a third party financial institution or a payment clearing account maintained by the servicer. Payments deposited into the lockbox account will be transferred by the servicer into the payment clearing account. Other collections on the mortgage loans, including liquidation proceeds and insurance proceeds, net of allowable reimbursement (other than insurance proceeds required for the restoration or repair of the related mortgaged property, which the servicer will retain for such purpose), will also initially be deposited into a payment clearing account maintained by the servicer. Within 48 hours of receipt, the servicer will (i) transfer all such collections on the mortgage loans (other than escrow payments) into a collection account maintained by the servicer and (ii) transfer all escrow payments into a servicing account maintained by the servicer.

The servicer will deposit into the collection account any required advances of principal and interest. See "*—Advances*" below. The sponsor will also deposit into the collection account any proceeds from the repurchase of any of the mortgage loans. See "The Mortgage Pool—Representations and Warranties Regarding the Mortgage Loans" below. The servicer will deposit in the collection account all payments received from the LPMI provider.

Under the pooling agreement, the servicer will be permitted to make a net deposit into the collection account of the amounts required to be deposited into that account less the amounts that the servicer is permitted to withdraw from that account, as described under "*—Permitted Withdrawals*" below. Under the pooling agreement, the collection account will be an investment account that is an eligible account under the pooling agreement maintained with an investment depository, and the funds held in the collection account may be invested in permitted investments, for the servicer's benefit, before those funds are to be transferred to a distribution account maintained by the trustee.

On the business day immediately preceding each distribution date, the servicer will transfer from the collection account into the distribution account the funds held in the collection account that are required to be distributed to certificateholders on that distribution date. The trustee may invest funds held in the distribution account in permitted investments, for the trustee's benefit, before those funds are to be distributed to certificateholders.

Payments made under the swap agreement by the swap counterparty and payments made by the supplemental interest trust trustee to the swap counterparty will be deposited in a separate reserve account maintained by the supplemental interest trust trustee.

On each distribution date, the trustee will withdraw from the distribution account and each of the reserve accounts the funds required to be distributed to certificateholders and/or into the supplemental interest account on that distribution date; and the supplemental interest trust trustee will withdraw from the supplemental interest account the funds required to be distributed to the swap counterparty on that date.

Certain amounts on deposit in the distribution account will be deposited in the final maturity reserve account maintained by the trustee on specified distribution dates as described in "Description of the Certificates—The Final Maturity Reserve Account" in this prospectus supplement. On the earlier of the final scheduled distribution date and the termination of the trust, any amounts on deposit in the final maturity reserve account will be applied by the trustee as payment of principal or interest as described in "Description of the Certificates—The Final Maturity Reserve Account" in this prospectus supplement.

Scheduled monthly payments generally will be held pending distribution to certificateholders from the date of receipt by the servicer until the immediately following distribution date. However, if a monthly payment is received prior to its scheduled due date, that payment will be held until the distribution date in the calendar month in which it was due. Payoffs received by the servicer in any prepayment period (that is, from the 15th day of a calendar month until the 14th day of the next calendar month) will be held until the distribution date immediately following the end of that prepayment period. Partial prepayments, liquidation proceeds, insurance proceeds, subsequent recoveries and repurchase proceeds will be held from the date of receipt by the servicer until the distribution date in the immediately succeeding calendar month.

Funds held in the lockbox accounts and the payment clearing accounts may be commingled with collections on other mortgage loans serviced by the servicer. Funds held in the collection account, the servicing account, the reserve account and the distribution account will not be commingled with collections on mortgage loans that are not owned by the trust.

Only the servicer or the third party financial institutions that maintain the lockbox accounts will have access to funds held in those accounts. Only the servicer will have access to funds held in the payment clearing accounts, the collection account and the servicing account. Only the trustee will have direct access to funds held in the reserve accounts and the distribution account; however, the trustee may invest funds in the distribution account for the trustee's benefit and may make certain withdrawals from that account.

All of the transaction accounts described above will be reconciled on a monthly basis. There will not be any external verification of activity in the transaction accounts, except as may occur in connection with the annual examination by Washington Mutual, Inc.'s independent accountants in connection with their audit of Washington Mutual, Inc. and its subsidiaries, or in connection with periodic examination by the servicer's regulatory authorities.

The diagram on the next page illustrates the flow of collections and other payments on the mortgage loans and payments by the swap counterparty through the transaction accounts described above.

Flow of Payments

Permitted Withdrawals. The pooling agreement will permit the servicer to make withdrawals, from time to time, from the collection account, for the following purposes:

- to reimburse itself for advances and servicing advances, as described under "*—Advances*" below;
- to pay to itself the servicing fee (to the extent not applied to pay compensating interest);

- to pay to itself investment earnings earned on funds held in the collection account (to the extent not applied to pay compensating interest);

- to pay to itself interest that was accrued and received on payoffs received during the period from the first day through the 14th day of any month;

- to reimburse itself or the depositor or any of their directors, officers, employees or agents for certain expenses, costs and liabilities incurred in connection with any legal action relating to the pooling agreement or the certificates, as and to the extent described under "Description of the Securities—Matters Regarding the Servicer and the Depositor" in the prospectus; and

- other permitted purposes described in the pooling agreement.

Advances. The servicer will be required under the pooling agreement to advance its own funds (or, in the case of advances described in clause (i), either its own funds or funds held by the servicer for future distribution) (i) to cover any shortfalls between payments of principal and interest scheduled to be received in respect of the mortgage loans, other than balloon payments, each month and the amounts actually received and, with respect to balloon mortgage loans, with respect to which the balloon payment is not made when due, an assumed monthly payment that would have been due on the related due date based on the original principal amortization schedule for such balloon mortgage loan, and (ii) to pay all reasonable and customary "out-of-pocket" costs and expenses (including reasonable attorneys' fees and disbursements) incurred in the performance of its servicing obligations, including, but not limited to, the cost of (A) the preservation, restoration, inspection and protection of the mortgaged properties, (B) environmental audit reports, (C) any enforcement or judicial proceedings, including foreclosures, (D) the management and liquidation of mortgaged properties acquired in satisfaction of the related mortgage and (E) certain insurance premiums and certain ongoing expenses associated with the mortgage pool and incurred by the servicer in connection with its responsibilities under the pooling agreement. The amounts described in clause (i) of this paragraph are referred to as "**advances**" and the amounts described in clause (ii) of this paragraph are referred to as "**servicing advances**" in this prospectus supplement. The servicer, however, will not make any of the advances or servicing advances if it determines in its good faith business judgment they would not be recoverable from late payments, insurance proceeds or liquidation proceeds on a mortgage loan ("**nonrecoverable advance**"); *provided further,* that the servicer will not make advances for the restoration of foreclosure properties unless it determines that the restoration will increase the liquidation proceeds after reimbursement to itself for those advances. The servicer will not charge interest or other fees with respect to any advances or servicing advances.

If the servicer determines that any advance or servicing advance is a nonrecoverable advance, the servicer will be entitled to be reimbursed for such advance from collections on other mortgage loans owned by the trust.

The pooling agreement provides that the trustee at the direction of the servicer, on behalf of the trust and with the consent of the parties set forth in the pooling agreement, may enter into a facility with any person which provides that such person may fund advances and/or servicing advances, although no such facility may reduce or otherwise affect the servicer's obligation to fund such advances and/or servicing advances. Any advances and/or servicing advances made by an advancing person will be reimbursed to the advancing person in the same manner as reimbursements would be made to the servicer.

Servicing of Delinquent Mortgage Loans; Foreclosure. The servicer will make reasonable efforts to collect or cause to be collected all delinquent payments (that is, payments that are more than 30 days past due). Such efforts may include payment reminder telephone calls to the mortgagor, letter campaigns and drive-by property inspections. The servicer will be required under the pooling agreement to make reasonable efforts to foreclose upon the mortgaged property related to each defaulted mortgage loan as to which no satisfactory arrangements can be made for collection of delinquent payments. Under the pooling agreement, the servicer will be permitted in lieu of foreclosure to accept a payment of less than the outstanding principal balance of the defaulted mortgage loan if in the judgment of the servicer doing so could reasonably be expected to result in collections and other recoveries with respect to the mortgage loan in excess of net liquidation proceeds that would be recoverable upon foreclosure. The servicer will not be permitted to foreclose upon a mortgaged property if it is aware of evidence of toxic waste or other environmental contamination on the mortgaged property except as provided in the pooling agreement. See "Description of the Securities—Procedures for Realization Upon Defaulted Mortgage Assets" and "Legal Aspects of the Mortgage Assets—Foreclosure on Mortgages" in the prospectus.

Sub-prime Mortgage Loans; Default Management. Sub-prime borrowers generally are a higher credit risk than prime

borrowers. Following foreclosure, sub-prime mortgaged properties are sometimes stripped of furnishings or vandalized.

The servicer's sub-prime default management efforts focus on early intervention and dialogue with potentially troubled borrowers in order to avoid and minimize the effects of delinquencies. The front-end strategy of the sub-prime collections and loss mitigation group includes using behavioral scoring tools to focus on high risk accounts and address small issues before they become significant problems. If a sub-prime borrower fails to make a payment when due on a mortgage loan, the servicer calls this borrower as early as the third day after the payment due date. First payment defaults are segmented from the general loan population and monitored daily when the loan becomes five days delinquent. The servicer also focuses its efforts on late stage (i.e., two or more months delinquent) delinquency management. The primary focus of the late stage delinquency strategy is detailed management of troubled loans.

Although the servicer focuses on rehabilitating delinquent loans and preventing foreclosure, asset recovery is an important component of sub-prime default management. The servicer has procedures for dealing with all aspects of asset recovery, including bankruptcy and foreclosure. The servicer has a detailed regimen for addressing bankruptcy and foreclosure activity. Bankruptcy and foreclosure cases are referred to attorneys upon the occurrence of certain events, and various procedures ensure that bankruptcies and foreclosures are tracked throughout the case. Overall bankruptcy and foreclosure performance is monitored through daily, weekly and monthly reports. The servicer uses outside vendors experienced in the sale of sub-prime REO properties to manage the sale of REO properties. The servicer oversees the outside vendors and has adopted strategies for the sale of manufactured homes, low value properties, aged inventories and distressed properties. New REO properties are allocated to high performing vendors.

In addition to its asset recovery processes, the servicer engages in extensive loss mitigation efforts for loans that are transferred into foreclosure. Mortgagors' financial statements are updated to determine whether a stipulated repayment agreement, modification, short sale or deed in lieu of foreclosure is an appropriate workout alternative. Loans subject to stipulated repayment agreements remain classified as foreclosures. A mortgagor typically pays a specified percentage of the arrearage in a stipulated repayment plan, and the plans generally average less than a year in length. The servicer has implemented processes to reduce the number of mortgagors who fail to meet their repayment obligations, and management reviews broken repayment plans. An economic analysis is completed to determine the loss severity of all potential short sales, process all potential loan modifications and validate mortgagors' ability and intent to repay a modified payment.

Maintenance of Hazard and Flood Insurance. The servicer will be required to maintain or cause to be maintained hazard insurance and, if applicable, flood insurance for each mortgage loan.

Back-up Servicing. See "Description of the Securities—Events of Default Under the Governing Agreement and Rights Upon Events Of Default" in the prospectus for a description of the material terms under the pooling agreement regarding the servicer's replacement, resignation or transfer.

The Servicer's Third Party Vendors. The servicer expects to outsource to third party vendors a portion, or in its entirety, the following servicing functions: (i) processing and monitoring of foreclosure actions, (ii) processing and monitoring of mortgagor bankruptcy proceedings, (iii) preservation of properties related to delinquent loans, (iv) maintenance, marketing and sale of REO properties, (v) assuring that hazard insurance coverage is maintained, (vi) determining whether flood insurance coverage is required and assuring that any required coverage is maintained, (vii) tax bill procurement and tracking of delinquent tax payments, (viii) printing and mailing billing statements, ARM notices and default notices, (ix) depositing mortgagor payments into a lockbox account and (x) processing of primary mortgage insurance claims. From time to time, the servicer may cease to outsource one or more of the foregoing servicing functions or may choose to outsource additional servicing functions. Some vendors may perform more than one function, and some functions may be performed by more than one vendor.

The servicer has entered into service level agreements with some of its vendors, which specify detailed performance criteria, including, in some cases, minimum time requirements for completing specified tasks and maximum error rates, and which in some cases impose penalties for non-compliance with such criteria. The servicer will monitor vendor compliance as necessary with the applicable servicing procedures through quality control measures that include reviews of a statistical sampling of mortgage loans.

The Servicer's Quality Control Procedures

The servicer uses a combination of management controls and technology controls to ensure the accuracy and integrity of

servicing records. Management controls include the use of approval levels, the segregation of duties, and reconciliations of servicing data and accounts, among others. Technology controls include the use of data security controls and interface controls to ensure that only authorized persons have the ability to access and change system data or to submit data to or receive data from vendors and investors. Specific security profiles for each job function include a predetermined set of data security controls that are appropriate for that job function. The data center for the Fidelity System, which is located in Jacksonville, Florida, is kept in a fire protected environment, and commercial electrical power is backed up by generators.

In addition, the servicer conducts periodic internal audits of critical servicing and technology functions. External audits by entities such as Fannie Mae, Freddie Mac and Ginnie Mae and the annual examination by Washington Mutual, Inc.'s independent accountants in connection with their audit of Washington Mutual, Inc. and its subsidiaries may provide independent verification of the adequacy of such functions. Periodic examination by the servicer's regulatory authorities may provide additional independent review of the servicer's management controls.

Both the servicer and Fidelity maintain detailed business continuity plans to enable each entity to resume critical business functions in the event of a disaster or other serious system outage, which plans are reviewed and updated periodically. Fidelity is contractually obligated to return the servicer to full functionality within 48 hours of a reported system outage. The servicer and Fidelity perform annual disaster recovery tests in which they reroute data and servicing system operations to Fidelity's back-up site, and then process sample transactions from all servicing locations to ensure the functionality of the back-up site.

It is the servicer's policy to require its other third party vendors to implement measures similar to those described above to ensure the accuracy and integrity of servicing records

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The Trustee

General

Deutsche Bank National Trust Company, the trustee under the pooling agreement, is a national banking association, which has an office in Santa Ana, California. The trustee has acted as trustee on numerous asset-backed securities transactions. While the structure of the transactions referred to in the preceding sentence may differ among these transactions, the trustee is experienced in administering transactions of this kind. The trustee has no pending legal proceedings that would materially affect its ability to perform its duties as trustee on behalf of the holder of the certificates.

The trustee will be calculating certain items and reporting as described in the pooling agreement. The trustee has acted as calculation agent in numerous mortgage-backed transactions since 1991. The trustee will not be responsible for verifying, recomputing or recalculating information given to it by the servicer. The trustee has no pending legal proceedings that would materially affect its ability to make such calculations.

The trustee may perform certain of its obligations through one or more third party vendors. However, the trustee will remain liable for the duties and obligations required of it under the pooling agreement.

Deutsche Bank National Trust Company is providing the foregoing information under "The Trustee—*General*" at the depositor's request in order to assist the depositor with the preparation of its disclosure documents to be filed with the Commission pursuant to Regulation AB. Otherwise, the trustee has not participated in the preparation of such disclosure documents and assumes no responsibility for their contents.

THE DEPOSITOR, THE SPONSOR, THE SERVICER AND CERTAIN OTHER TRANSACTION PARTIES

The depositor, a Delaware corporation, is a wholly-owned indirect subsidiary of Washington Mutual, Inc., a savings and loan holding company. The depositor was organized for the purpose of serving as a private secondary mortgage market conduit. The

depositor engages in no activities other than securitizing assets. The depositor maintains its principal office at 1400 South Douglass Road, Suite 100, Anaheim, California 92705. Its telephone number is (714) 541-5378.

The depositor does not have, nor is it expected in the future to have, any significant assets. The prospectus supplement for each series of securities will disclose if the depositor is a party to any legal proceedings that could have a material negative impact on the related trust and the interests of the potential investors.

The sponsor of the securitization transaction will be specified in the related prospectus supplement and may be Washington Mutual Bank, the parent of the depositor, another affiliate of the depositor or an unaffiliated entity.

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Washington Mutual Bank is a federal savings association and an indirect wholly owned subsidiary of Washington Mutual, Inc. The principal executive offices of Washington Mutual Bank are located at 1301 Second Avenue, WMC 1401, Seattle, Washington 98101.

The servicer will be specified in the related prospectus supplement, and may be Washington Mutual Bank. There may be multiple servicers, each of which will act as a servicer for a certain group of the mortgage assets. In that case, each servicer will have all of the rights and responsibilities described in this prospectus for only the mortgage loans it is servicing, and the related servicing agreement or pooling and servicing agreement will be signed by each servicer and will make clear which mortgage loans are being serviced by which servicer. In addition, a servicer may perform some or all of its obligations through the use of one or more sub-servicers. A servicer may appoint a special servicer to perform certain functions, such as loan work-outs.

A master servicer may be appointed to supervise the servicer or servicers and to perform other roles typically performed by the servicer or servicers. In addition, a bond or certificate administrator may be appointed whose role is primarily to calculate and determine the monthly payments to be made to the securityholders.

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Procedures for Realization Upon Defaulted Mortgage Assets

The servicer will use reasonable efforts acting in the best efforts of the security holders to foreclose upon or otherwise take title in the name of the trustee, on behalf of the securityholders, of mortgaged properties relating to defaulted mortgage assets to which no satisfactory arrangements can be made for collection of delinquent payments. If the mortgage loan is an Additional Collateral Loan, the servicer may proceed against the related mortgaged property or the related additional collateral first, or may proceed against both concurrently, as permitted by applicable law and the terms under which the additional collateral is held, including any third-party guarantee. See "Legal Aspects of the Mortgage Assets—Anti-Deficiency Legislation and Other Limitations on Lenders."

In addition, with respect to any Mortgage Loan to which the servicer has received actual notice of, or has actual knowledge of, the presence of any toxic or hazardous substance on the related mortgaged property, the servicer may not acquire title to any mortgaged property securing a mortgage loan or take any other action that would cause the related trustee, for the benefit of securityholders of the related series, or any other specified person to be considered to hold title to, to be a "mortgagee-in-possession" of, or to be an "owner" or an "operator" of such mortgaged property within the meaning of federal environmental laws, unless the servicer has previously determined, based on a report prepared by a person who regularly conducts environmental audits (which report will be an expense of the trust), that either:

(1) the mortgaged property is in compliance with applicable environmental laws and regulations or, if not, that taking actions as are necessary to bring the mortgaged property into compliance with these laws is reasonably likely to produce a greater recovery on a present value basis than not taking those actions; and

(2) there are no circumstances or conditions present at the mortgaged property that have resulted in any contamination for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any applicable environmental laws and regulations or, if those circumstances or conditions are present for which any such action could be required, taking those actions with respect to the mortgaged property is reasonably likely to produce a greater recovery on a present value basis than not taking those actions. See "Legal Aspects of Mortgage Assets—Environmental Legislation."

As servicer of the mortgage loans, the servicer, on behalf of itself, the trustee and the securityholders, will present claims to the insurer under each insurance instrument, and will take reasonable steps as are necessary to receive payment or to permit recovery with respect to defaulted mortgage assets. The servicer, however, will not be required to make Nonrecoverable Advances. All collections by or on behalf of the servicer under any insurance instrument, other than amounts to be applied to the restoration of a mortgaged property or released to the mortgagor, are to be deposited in the distribution account for the related trust, subject to withdrawal. The servicer or its designee will not receive payment under any letter of credit included as an insurance instrument with respect to a defaulted mortgage asset unless all Liquidation Proceeds and Insurance Proceeds which it deems to be finally recoverable have been realized; however, the servicer will be entitled to reimbursement for any unreimbursed advances and reimbursable expenses.

If any property securing a defaulted mortgage asset is damaged and proceeds, if any, from the related hazard insurance policy or special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under the related credit insurance instrument, if any, the servicer is not required to expend its own funds to restore the damaged property unless it determines in its sole and absolute discretion that the restoration will increase the proceeds to securityholders on liquidation of the mortgage loan after reimbursement of the servicer for its expenses.

If recovery on a defaulted mortgage asset under any related credit insurance instrument is not available for the reasons set forth in the preceding paragraph, the servicer nevertheless will be obligated to follow or cause to be followed the normal practices and procedures as it deems necessary or advisable to realize upon the defaulted mortgage asset. If the proceeds of any liquidation of the property securing the defaulted mortgage asset are less than the outstanding principal balance of the defaulted mortgage asset plus interest accrued at the interest rate plus the aggregate amount of its normal servicing compensation on the mortgage loan, unreimbursed servicing expenses incurred with respect to the mortgage asset and any unreimbursed advances of delinquent monthly payments made with respect to the mortgage asset that are reimbursable under the servicing agreement, the trust will realize a loss in the amount of the difference. The servicer will be entitled to withdraw or cause to be withdrawn from the collection or distribution account out of the Liquidation Proceeds recovered on any defaulted mortgage asset, prior to the distribution of any Liquidation Proceeds to securityholders, amounts representing its normal servicing compensation on the mortgage loan, unreimbursed servicing expenses incurred with respect to the mortgage asset and any unreimbursed advances of delinquent monthly payments made with respect to the mortgage asset.

If the servicer or its designee recovers Insurance Proceeds with respect to any defaulted mortgage asset, the servicer will be entitled to withdraw or cause to be withdrawn from the collection account or distribution account out of Insurance Proceeds, prior to distribution of that amount to securityholders, amounts representing its normal servicing compensation on that mortgage loan, unreimbursed servicing expenses incurred with respect to the mortgage asset and any unreimbursed advances of delinquent monthly payments made with respect to the mortgage asset. In the event that the servicer has expended its own funds to restore damaged property and those funds have not been reimbursed under any insurance instrument, it will be entitled to withdraw from the collection account out of related Liquidation Proceeds or Insurance Proceeds an amount equal to the expenses incurred by it, in which event the trust may realize a loss up to the amount so charged. Because Insurance Proceeds cannot exceed deficiency claims and expenses

incurred by the servicer, no payment or recovery will result in a recovery to the trust which exceeds the principal balance of the defaulted mortgage asset together with accrued interest thereon at the interest rate net of servicing fees and the retained interest, if any. In addition, when property securing a defaulted mortgage asset can be resold for an amount exceeding the outstanding principal balance of the related mortgage asset together with accrued interest and expenses, it may be expected that, if retention of any amount is legally permissible, the insurer will exercise its right under any related mortgage pool insurance policy to purchase the property and realize for itself any excess proceeds. See "Description of Primary Insurance Policies" and "Description of Credit Support."

With respect to collateral securing a cooperative loan, any prospective purchaser will generally have to obtain the approval of the board of directors of the relevant cooperative before purchasing the shares and acquiring rights under the proprietary lease or occupancy agreement securing the cooperative loan. This approval is usually based on the purchaser's income and net worth and numerous other factors. The necessity of obtaining board approval could limit the number of potential purchasers for those shares and otherwise limit the servicer's ability to sell, and realize the value of, those shares. See "Legal Aspects of Mortgage Assets—Foreclosure on Cooperative Shares."

Realization on defaulted contracts may be accomplished through repossession and subsequent resale of the underlying manufactured home or home improvement. With respect to a defaulted home improvement contract, the servicer will decide whether to foreclose upon the mortgaged property or write off the principal balance of such home improvement contract as a bad debt or take an unsecured note. In doing so, the servicer will estimate the expected proceeds and expenses to determine whether a foreclosure proceeding or a repossession and resale is appropriate. If a home improvement contract secured by a lien on a mortgaged property is junior to another lien on the related mortgaged property, following any default thereon, unless foreclosure proceeds for such home improvement contract are expected to at least satisfy the related senior mortgage loan in full and to pay foreclosure costs, it is likely that such home improvement contract will be written off as bad debt with no foreclosure proceeding.

The manager, bond administrator or certificate administrator, as applicable, will deal with any defaulted Mortgage Securities in the manner described in the accompanying prospectus supplement.

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Special Servicing Agreements

The pooling agreement permits the servicer to enter into one or more special servicing agreements with unaffiliated owners of one or more classes of Subordinate Certificates or of a class of securities representing interests in one or more classes of Subordinate Certificates. Under those agreements, the owner may, for delinquent mortgage loans:

(a) instruct the servicer to start or delay foreclosure proceedings, provided that the owner deposits a specified amount of cash with the servicer, which will be available for distribution to certificateholders if liquidation proceeds are less than they otherwise may have been had the servicer acted pursuant to its normal servicing procedures;

(b) purchase those delinquent mortgage loans from the trust immediately before the beginning of foreclosure proceedings at a price equal to the aggregate outstanding principal balance of the mortgage loans, plus accrued interest at the applicable mortgage interest rates through the last day of the month in which the mortgage loans are purchased; and/or

(c) assume all of the servicing rights and obligations for the delinquent mortgage loans so long as (i) the servicer has the right to transfer the servicing rights and obligations of the mortgage loans to another servicer and (ii) the owner will service the mortgage loans according to the servicer's servicing guidelines.

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LEGAL ASPECTS OF MORTGAGE ASSETS

The following discussion contains general summaries of legal aspects of loans secured by residential, commercial and mixed-use properties. Because these legal aspects are governed in part by applicable state law, which laws may differ substantially from state to state, the summaries do not purport to be complete nor to reflect the laws of any particular state, nor to encompass the laws of all states in which the security for the mortgage assets is situated.

Mortgage Loans

The single-family loans, multifamily loans, commercial loans and mixed-use loans will be secured by either mortgages, deeds of trust, security deeds or deeds to secure debt depending upon the type of security instrument customary to grant a security interest according to the prevailing practice in the state in which the property subject to that mortgage loan is located. The filing of a mortgage or a deed of trust creates a lien upon or conveys title to the real property encumbered by that instrument and represents the security for the repayment of an obligation that is customarily evidenced by a promissory note. It is not prior to the lien for real estate taxes and assessments. Priority with respect to mortgages and deeds of trust depends on their terms and generally on the order of recording with the applicable state, county or municipal office. There are two parties to a mortgage, the mortgagor, who is the borrower/homeowner or the land trustee, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. In the case of a land trust, title to the property is held by a land trustee under a land trust agreement, while the borrower/homeowner is the beneficiary of the land trust; at origination of a mortgage loan, the borrower executes a separate undertaking to make payments on the mortgage note. Although a deed of trust is similar to a mortgage, a deed of trust normally has three parties, the trustor, similar to a mortgagor, who may or may not be the borrower, the beneficiary, similar to a mortgagee, who is the lender, and the trustee, a third-party grantee. Under a deed of trust, the trustor grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. A security deed and a deed to secure debt are special types of deeds which indicate on their face that they are granted to secure an underlying debt. By executing a security deed or deed to secure debt, the grantor conveys title to, as opposed to merely creating a lien upon, the subject property to the grantee until the time as the underlying debt is repaid. The mortgagee's authority under a mortgage and the trustee's authority under a deed of trust, security deed or deed to secure debt are governed by the law of the state in which the real property is located, the express provisions of the mortgage, deed of trust, security deed or deed to secure debt and, sometimes, the directions of the beneficiary.

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Foreclosure on Mortgages

Foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale under a specific provision in the deed of trust, which authorizes the trustee to sell the property upon any default by the borrower under the terms of the note or deed of trust and in accordance with applicable state law. In several states, the trustee must record a notice of default and send a copy to the borrower-trustor and to any person who has recorded a request for a copy of a notice of default and notice of sale. In addition, the trustee in several states must provide notice to any other individual having an interest in the real property, including any junior lienholder. The trustor, borrower, or any person having a junior encumbrance on the real estate, may, during a reinstatement period, cure the default by paying the entire amount in arrears plus the costs and expenses incurred in enforcing the obligation. Generally, state law controls the amount of foreclosure expenses and costs, including attorneys' fees, that may be recovered by a lender. If the deed of trust is not reinstated, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers. In addition, several state laws require that a copy of the notice of sale be posted on the property, recorded and sent to all parties having an interest in the real property.

An action to foreclose a mortgage is an action to recover the mortgage debt by enforcing the mortgagee's rights under the mortgage and in the mortgaged property. It is regulated by statutes and rules and subject throughout to the court's equitable powers. A mortgagor is usually bound by the terms of the mortgage note and the mortgage as made and cannot be relieved from its own default. However, since a foreclosure action is equitable in nature and is addressed to a court of equity, the court may relieve a mortgagor of a default and deny the mortgagee foreclosure on proof that the mortgagor's default was neither willful nor in bad faith

and that the mortgagee's action established a waiver of the default, or constituted fraud, bad faith, or oppressive or unconscionable conduct that warranted a court of equity to refuse affirmative relief to the mortgagee. A court may relieve the mortgagor from an entirely technical default where the default was not willful.

A foreclosure action or sale in accordance with a power of sale is subject to most of the delays and expenses of other lawsuits if defenses or counterclaims are interposed, sometimes requiring up to several years to complete. Moreover, it is possible that a non-collusive, regularly conducted foreclosure sale or sale in accordance with a power of sale may be challenged as a fraudulent conveyance, regardless of the parties' intent, if a court determines that the sale was for less than fair consideration and the sale occurred while the mortgagor was insolvent. Similarly, a suit against the debtor on the mortgage note may take several years. In addition, delays in completion of the foreclosure and additional losses may result where loan documents relating to a mortgage loan are missing.

In case of foreclosure under either a mortgage or a deed of trust, the sale by the referee or other designated officer or by the trustee is a public sale. However, because of the difficulty potential third party purchasers at the sale have in determining the exact status of title and because the physical condition of the property may have deteriorated during the foreclosure proceedings, it is uncommon for a third party to purchase the property at the foreclosure sale. Rather, it is common for the lender to purchase the property from the trustee or referee for an amount equal to the principal amount of the mortgage or deed of trust plus accrued and unpaid interest and the expenses of foreclosure.

Thereafter, the lender will assume the burdens of ownership, including obtaining casualty insurance, paying taxes and making repairs at its own expense as are necessary to render the property suitable for sale. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property. Any loss may be reduced by the receipt of any mortgage insurance proceeds.

A junior mortgagee may not foreclose on the property securing a junior mortgage unless it forecloses subject to the senior mortgages, in which case it may either pay the entire amount due on the senior mortgages to the senior mortgagees prior to or at the time of the foreclosure sale or undertake the obligation to make payments on the senior mortgages if the mortgagor is in default thereunder. In either event the amounts expended will be added to the balance due on the junior loan, and may be subrogated to the rights of the senior mortgagees. In addition, if the foreclosure of a junior mortgage triggers the enforcement of a due-on-sale clause in a senior mortgage, the junior mortgagee may be required to pay the full amount of the senior mortgages to the senior mortgagees. Accordingly, with respect to those mortgage loans which are junior mortgage loans, if the lender purchases the property, the lender's title will be subject to all senior liens and claims and some governmental liens. The proceeds received by the referee or trustee from the sale are applied first to the costs, fees and expenses of sale, real estate taxes and then in satisfaction of the indebtedness secured by the mortgage or deed of trust under which the sale was conducted. Any remaining proceeds are generally payable to the holders of junior mortgages or deeds of trust and other liens and claims in order of their priority, whether or not the borrower is in default. Any additional proceeds are generally payable to the mortgagor or trustor. The payment of the proceeds to the holders of junior mortgages may occur in the foreclosure action of the senior mortgagee or may require the institution of separate legal proceedings.

If the servicer were to foreclose on any junior lien it would do so subject to any related senior lien. In order for the debt related to the junior mortgage loan to be paid in full at the sale, a bidder at the foreclosure sale of the junior mortgage loan would have to bid an amount sufficient to pay off all sums due under the junior mortgage loan and the senior lien or purchase the mortgaged property subject to the senior lien. If proceeds from a foreclosure or similar sale of the mortgaged property are insufficient to satisfy all senior liens and the junior mortgage loan in the aggregate, the trust as the holder of the junior lien and, accordingly, holders of one or more classes of related securities bear (1) the risk of delay in distributions while a deficiency judgment against the borrower is obtained and (2) the risk of loss if the deficiency judgment is not realized upon. Moreover, deficiency judgments may not be available in a jurisdiction. In addition, liquidation expenses with respect to defaulted junior mortgage loans do not vary directly with the outstanding principal balance of the loans at the time of default. Therefore, assuming that the servicer took the same steps in realizing upon a defaulted junior mortgage loan having a small remaining principal balance as it would in the case of a defaulted junior mortgage loan having a large remaining principal balance, the amount realized after expenses of liquidation would be smaller as a

percentage of the outstanding principal balance of the small junior mortgage loan than would be the case with the defaulted junior mortgage loan having a large remaining principal balance.

In foreclosure, courts have imposed general equitable principles. The equitable principles are generally designed to relieve the borrower from the legal effect of its defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and sometimes expensive actions to determine the causes for the borrower's default and the likelihood that the borrower will be able to reinstate the loan. In a few cases, courts have substituted their judgment for the lender's judgment and have required that lenders reinstate loans or recast payment schedules in order to accommodate borrowers who are suffering from temporary financial disability. In other cases, courts have limited the right of a lender to foreclose if the default under the mortgage instrument is not monetary, for example, the borrower's failure to adequately maintain the property or the borrower's execution of a second mortgage or deed of trust affecting the property. Finally, a few courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that borrowers under deeds of trust or mortgages receive notices in addition to the statutorily-prescribed minimums. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust, or under a mortgage having a power of sale, does not involve sufficient state action to afford constitutional protection to the borrower.

APPENDIX OF PLACES FIND THE WORD "ASSIGNMENT" IN THE 424B5

PLACES FIND "ASSIGNMENT"

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The sponsor will represent that at origination each mortgage loan complied with all applicable federal and state laws and regulations. In addition, the sponsor will represent that none of the mortgage loans is subject to the requirements of the Home Ownership and Equity Protection Act of 1994 ("**HOEPA**") or is a "high cost" or "predatory" loan under any state or local law or regulation applicable to the originator of such mortgage loan, or which would result in liability to the purchaser or assignee of such mortgage loan under any predatory or abusive lending law. In the event of a breach of any of such representations, the sponsor will be obligated to cure such breach or repurchase or replace the affected mortgage loan, in the manner and to the extent described under "The Trust—Assignment of the Mortgage Loans and Other Assets to the Trust" in this prospectus supplement.

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Assignment of the Mortgage Loans and Other Assets to the Trust

A pool of mortgage loans, as described in this prospectus supplement, will be sold to the trust on or about August 30, 2006 (the "**closing date**"). The trust will own the right to receive all payments of principal and interest on the mortgage loans due after August 1, 2006 (the "**cut-off date**"). A schedule to the pooling agreement will include information about each mortgage loan, including:

- the applicable loan group;
- the scheduled principal balance as of the close of business on the cut-off date;
- the term of the mortgage loan; and
- the mortgage interest rate as of the close of business on the cut-off date and information about how that mortgage interest rate adjusts, if applicable.

The mortgage notes will be endorsed in blank or to the trustee and assignments of the mortgages to the trust will be prepared in blank or to the trustee but will not be recorded except upon the occurrence of certain events described in the pooling agreement. The sponsor will not be required to provide assignments of mortgage or intervening assignments of mortgage if the related mortgage is held through the MERS® system. In addition, the mortgages for some or all of the mortgage loans that are not already held through the MERS® system may, at the discretion of the servicer, in the future be held through the MERS® system. Deutsche Bank National Trust Company, the trustee, will have possession of and will review the mortgage notes, mortgages and mortgage files containing the documents specified in the pooling agreement in accordance with its terms.

The trustee will review each mortgage file either on or before the closing date or within one year of the closing date or subsequent transfer date, as applicable (or promptly after the trustee's receipt of any document permitted to be delivered after the closing). If any document in a mortgage file is found to be missing or materially defective with the criteria specified in the pooling agreement, such defect is material and the sponsor does not cure that defect within 90 days of notice from the trustee (or within a longer period after the closing date as provided in the pooling agreement in the case of missing documents not returned from the public recording office), the sponsor will be obligated to repurchase the related mortgage loan from the trust. See "The Mortgage Pool —Representations and Warranties Regarding the Mortgage Loans" in this prospectus supplement for a description of the requirements with respect to repurchases of mortgage loans.

- The sponsor will have discretion to determine whether to repurchase a mortgage loan or to substitute for a mortgage loan, if required under the pooling agreement to repurchase or substitute for a defective mortgage loan. See "The Trust—Assignment of the Mortgage Loans and Other Assets to the Trust" in this prospectus supplement.

The depositor will purchase the mortgage loans from the sponsor pursuant to the mortgage loan purchase agreement (the "**mortgage loan purchase agreement**") between the sponsor and the depositor. Pursuant to the pooling and servicing agreement, dated as of August 1, 2006 (the "**pooling agreement**"), among the depositor, the servicer, the trustee, and the Delaware trustee, the depositor will cause the mortgage loans to be assigned to the trustee for the benefit of the certificateholders. *See* "The Trust— Assignment of the Mortgage Loans and Other Asset to the Trust" in this prospectus supplement.

• Immediately prior to the assignment of the mortgage loans to the depositor, the sponsor had good title to, and was the sole legal and beneficial owner of, each mortgage loan, free and clear of any pledge, lien, encumbrance or security interest and has full right and authority, subject to no interest or participation of, or agreement with, any other party to sell and assign the mortgage loan;

• Immediately prior to the sale and assignment by the depositor to the trustee on behalf of the trust of each mortgage loan, the depositor had good and marketable title to each mortgage loan subject to no prior lien, claim, participation interest, mortgage, security interest, pledge, charge or other encumbrance or other interest of any nature;

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In the event of a material breach of the representations and warranties made by the sponsor, the sponsor will be required to either cure the breach in all material respects, repurchase the affected mortgage loan or substitute for the affected mortgage loan. In the event that a required loan document is not included in the mortgage files for the mortgage loans, the sponsor generally will also be required to either cure the defect or repurchase or substitute for the affected mortgage loan. The purchase price for each mortgage loan repurchased by the sponsor will be equal to the stated principal balance of that mortgage loan as of the date of purchase, plus all accrued and unpaid interest on that mortgage loan, computed at the applicable mortgage rate through the end of the calendar month in which the purchase is effected, plus the amount of any unreimbursed advances and servicing advances made by the servicer, plus in the case of a mortgage loan required to be purchased because that mortgage loan is in breach of the representation that it is in compliance with certain predatory and abusive-lending laws, any additional costs or damages incurred by the trust as assignee or purchaser of that mortgage loan. The proceeds of the purchase will be treated as a prepayment of the mortgage loan for purposes of distributions to certificateholders. See "The Trust—Assignment of the Mortgage Loans and Other Assets to the Trust" in this prospectus supplement for a description of the requirements with respect to substitutions of mortgage loans.

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reimbursement for any amounts payable by the trustee for recording of assignments of mortgages to the extent not paid by the servicer

reimbursement for amounts payable by the trustee for recording of assignments of mortgages

trustee

all collections on the mortgage loans

prior to distribution to certificateholders

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Assignment of Trust Assets; Review of Files by Trustee 36

The servicing agreement may permit the servicer to deliver to a lender an assignment of mortgage and the related endorsed mortgage note in connection with a refinance of the related mortgaged property. As a result, it may be possible to refinance a mortgage loan through modification of an existing mortgage note, reducing the costs and documentation burden of the refinancing. The depositor

and its affiliates do not have substantial experience with this method of financing except in states, such as New York, in which it is the usual standard of practice of mortgage lending. It is unknown to what extent, if any, the availability of refinancing through this mechanism may affect the rate at which prepayments on the mortgage loans would otherwise occur.

The mortgaged property securing each home equity revolving credit loan will be subject to the lien created by the related loan in the amount of the outstanding principal balance of each related draw or portion of draw, if any, that is not included in the related pool, whether made on or before the related cut-off date or after that cut-off date. The lien will be the same rank as the lien created by the mortgage relating to the home equity revolving credit loan, and monthly payments, collections and other recoveries under the credit line agreement related to the home equity revolving credit loan will be allocated as described in the related prospectus supplement among the home equity revolving credit loan and the outstanding principal balance of each draw or portion of draw excluded from the pool. The depositor, an affiliate of the depositor or an unaffiliated seller may have an interest in any draw or portion of draw excluded from the pool. If any entity with an interest in a draw or portion of draw excluded from the pool or any other excluded balance were to become a debtor under the Bankruptcy Code or the subject of a receivership or conservatorship and regardless of whether the transfer of the related home equity revolving credit loan constitutes an absolute assignment, a party in interest (including such entity itself) could assert that such entity retains rights in the related home equity revolving credit loan and therefore compel the sale of such home equity revolving credit loan over the objection of the trust and the securityholders. If that occurs, delays and reductions in payments to the trust and the securityholders could result.

Assignment of Trust Assets; Review of Files by Trustee

At the time of issuance of any series of securities, the depositor will cause the pool of mortgage assets or Mortgage Securities to be transferred to the related trust, together with all principal and interest received on or with respect to the mortgage assets or Mortgage Securities after the related cut-off date, other than principal and interest due on or before the cut-off date and other than any retained interest. The trustee will, concurrently with the assignment of mortgage assets or Mortgage Securities, deliver the securities to the depositor in exchange for the trust assets. Each mortgage asset will be identified in a schedule appearing as an exhibit to the related agreement. The schedule of mortgage assets will include detailed information as to the mortgage assets held by the trust, including the outstanding principal balance of each mortgage asset after application of payments due on the cut-off date, information regarding the interest rate on the mortgage asset, the interest rate net of the sum of the rates at which the servicing fees and the retained interest, if any, are calculated, the retained interest, if any, the current scheduled monthly payment of principal and interest, the maturity of the mortgage note, the value of the mortgaged property, the loan-to-value ratio at origination and other information with respect to the mortgage assets. Each Mortgage Security will be identified in the related agreement, which will specify as to each Mortgage Security information regarding the original principal amount and outstanding principal balance of each Mortgage Security as of the cut-off date, as well as the annual pass-through rate or interest rate for each Mortgage Security sold to the trust.

In accordance with the rules of membership of Merscorp, Inc. and/or Mortgage Electronic Registration Systems, Inc., or MERS®, assignments of the mortgages for the mortgage loans held by the related trust may be registered electronically through Mortgage Electronic Registration Systems, Inc., or MERS® System. With respect to mortgage loans registered through the MERS® System, MERS® will serve as mortgagee of record solely as a nominee in an administrative capacity on behalf of the trust and will not have any interest in any of those mortgage loans.

The depositor will, with respect to each mortgage asset, deliver or cause to be delivered to the trustee, or to the custodian, a mortgage note endorsed to the trustee, the trust, or in blank, the original recorded mortgage with evidence of recording or filing

indicated on it, and an assignment (except as to any mortgage loan registered on the MERS® System) to the trustee, the trust, or in blank of the mortgage in a form for recording or filing as may be appropriate in the state where the mortgaged property is located, and evidence of any FHA insurance policy or VA guaranty for such mortgage loan, if applicable; or, in the case of each cooperative loan, the related cooperative note endorsed to the trustee, the trust, or in blank, the original security agreement, the proprietary lease or occupancy agreement, the assignment of the proprietary lease to the originator of the cooperative loan, the recognition agreement, the related stock certificate and related blank stock powers, a copy of the original filed financing statement, and an assignment to the trustee or the trust of the security agreement, the assignment of proprietary lease and the financing statement; provided, however, that if so indicated in the applicable prospectus supplement, the depositor will not deliver to the trustee or to the custodian mortgage notes endorsed to the trustee, the trust or in blank, assignments of mortgage to the trustee, the trust, or in blank, or assignments to the trustee or the trust of the other documents relating to cooperative loans described above.

With respect to any mortgage loan secured by a mortgaged property located in Puerto Rico, the mortgages with respect to these mortgage loans either (a) secure a specific obligation for the benefit of a specified person or (b) secure an instrument transferable by endorsement. Endorsable Puerto Rico Mortgages do not require an assignment to transfer the related lien. Rather, transfer of endorsable mortgages follows an effective endorsement of the related mortgage note and, therefore, delivery of the assignment referred to in the paragraph above would be inapplicable. Puerto Rico Mortgages that secure a specific obligation for the benefit of a specified person, however, require an assignment to be recorded with respect to any transfer of the related lien and the assignment for that purpose would be delivered to the trustee.

The trustee, or the custodian, will review the mortgage loan documents within a specified period after receipt, and the trustee, or the custodian, will hold the mortgage loan documents in trust for the benefit of the securityholders. If any mortgage loan document is found to be missing or defective in any material respect, the trustee, or the custodian, shall notify the servicer and the depositor, and the servicer shall promptly notify the relevant mortgage loan seller. If the mortgage loan seller cannot cure the omission or defect within a specified number of days after receipt of notice, the mortgage loan seller will be obligated to repurchase the related mortgage asset from the trustee at the Purchase Price or substitute for the mortgage asset. There can be no assurance that a mortgage loan seller will fulfill this repurchase or substitution obligation. Neither the servicer nor the depositor will be obligated to repurchase or substitute for that mortgage asset if the mortgage loan seller defaults on its obligation. The assignment of the mortgage assets to the trustee will be without recourse to the depositor and this repurchase or substitution obligation constitutes the sole remedy available to the securityholders or the trustee for omission of, or a material defect in, a constituent document.

With respect to any security backed by a Mortgage Security, the depositor will transfer, convey and assign to the trust all right, title and interest of the depositor in the Mortgage Securities and related property. The assignment will include all principal and interest due on or with respect to the Mortgage Securities after the cut-off date specified in the accompanying prospectus supplement. The depositor will cause the Mortgage Securities to be registered in the name of the trust, the trustee or its nominee, and the trust will concurrently authenticate and deliver the securities. The trustee generally will not be in possession of or be assignee of record of any underlying assets for a Mortgage Security.

Mortgage loans may be transferred to a trust with documentation defects or omissions, such as missing notes or mortgages or missing title insurance policies. The related prospectus supplement will state whether the mortgage loan seller, the depositor or any other person will be required to cure those defects or repurchase or substitute for those mortgage loans if the defect or omission is not cured.

If stated in the related prospectus supplement, for up to 50% of the total number of mortgage loans as of the cut-off date, the depositor may deliver all or a portion of each related mortgage file (including the related mortgage note) to the trustee within 30 days after the closing date. Should the depositor fail to deliver all or a portion of any mortgage files to the trustee within that period, the depositor will be required to use its best efforts to deliver a replacement mortgage loan for the related delay delivery mortgage loan or repurchase the related delay delivery mortgage loan.

The trustee will be authorized, with the consent of the depositor and the servicer, to appoint a custodian pursuant to a custodial agreement to maintain possession of documents relating to the mortgage loans as the agent of the trustee.

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(8) all proceeds of any mortgage loan or property in respect of any mortgage asset purchased by the servicer, the depositor, any sub-servicer or any mortgage loan seller or originator as described under "—Representations and Warranties Regarding the Mortgage Loans; Remedies for Breach" or "—Assignment of Trust Assets; Review of Files by Trustee" above, exclusive of the retained interest, if any, in respect of the mortgage asset;

* **********

If so provided in the related prospectus supplement, the trustee or FHA claims administrator may accept an assignment of the FHA reserve for the related Title I loans, notify FHA of that assignment and request that the portion of the depositor's FHA reserves allocable to the Title I loans be transferred to the trustee or the FHA claims administrator on the closing date. Alternatively, in the absence of such provision, the FHA reserves may be retained by the depositor and, upon an insolvency and receivership of the depositor, the related trustee will notify FHA and request that the portion of the depositor's FHA reserves allocable to the Title I loans be transferred to the trustee or the FHA claims administrator. Although each trustee will request such a transfer of reserves, FHA is not obligated to comply with such a request, and may determine that it is not in FHA's interest to permit a transfer of reserves. In addition, FHA has not specified how insurance reserves would be allocated in a transfer, and there can be no assurance that any reserve amount, if transferred to the trustee or the FHA claims administrator, as the case may be, would not be substantially less than 10% of the outstanding principal amount of the related Title I loans. It is likely that the depositor, the trustee or the FHA claims administrator would be the lender of record on other Title I loans, so that any FHA reserves that are retained, or permitted to be transferred, would become commingled with FHA reserves available for other Title I loans. FHA also reserves the right to transfer reserves with "earmarking" (segregating reserves so that they will not be commingled with the reserves of the transferee) if it is in FHA's interest to do so.

Under Title I, the FHA will reduce the insurance coverage available in a Title I lender's FHA reserve with respect to loans insured under that Title I lender's contract of insurance by (1) the amount of FHA insurance claims approved for payment related to those loans and (2) the amount of reduction of the Title I lender's FHA reserve by reason of the sale, assignment or transfer of loans registered under the Title I lender's contract of insurance. The FHA insurance coverage also may be reduced for any FHA insurances claims previously disbursed to the Title I lender that are subsequently rejected by the FHA.

SKIPPED THE REST WHICH HAVE TO DO WITH COOPERATIVES AND OTHER TYPES OF HOUSING.

END OF ASSIGNMENTS

COURT OF APPEALS FOR THE STATE OF WASHINGTON
DIVISION I

JP MORGAN CHASE BANK, N.A., Plaintiff/Respondent, v. F. CHRISTOPHER PACE & LYNN PACE, Defendants/Appellants.	Case No. 64443-2

APPENDIX II

ATTORNEY DECLARATION ON QWR REQUESTING HOLDER OF NOTE, PURSUANT TO TILA - 1/1

COURT OF APPEALS FOR THE STATE OF WASHINGTON
DIVISION I

JP MORGAN CHASE BANK, N.A., Plaintiff/Respondent, v. F. CHRISTOPHER PACE & LYNN PACE, Defendants/Appellants.	Case No. 64443-2 ATTORNEY DECLARATION ON QWR REQUESTING HOLDER OF NOTE, PURSUANT TO TILA

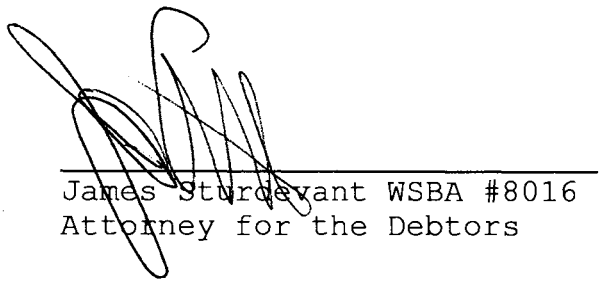
1. I am the attorney for the debtors. I have personal knowledge of the matters outlined below and am competent to testify about same.

2. Exhibit "A" is a true and correct copy of a Qualified Written Request ("QWR") which I sent Washington Mutual Bank on January 29,. 2010. Exhibit "A" pg. 4, paragraph 17 requests the name of the current note holder under 15 U.S.C. § 1641(f)(2) under the Truth In Lending Act ("TILA"). Exhibit "B" is a true and correct copy of the only response I received from Chase, a letter dated February 8, 2010..

3. I hereby certify and declare under penalty of perjury under the laws of the State of Washington that the above and foregoing is true and correct.

JAMES STURDEVANT
ATTORNEY AT LAW
BELLINGHAM TOWERS #920
119 N. COMMERCIAL
BELLINGHAM, WASHINGTON 98225
(360)671-2990
E-MAIL: sturde@openaccess.org

DATED at Bellingham, WA, this 13 day of September 2010.



James Sturdevant WSBA #8016
Attorney for the Debtors

JAMES STURDEVANT
ATTORNEY AT LAW
BELLINGHAM TOWERS #920
119 N. COMMERCIAL
BELLINGHAM, WASHINGTON 98225
(360)671-2990
E-MAIL: sturde@openaccess.org

JAMES STURDEVANT
ATTORNEY AT LAW
BELLINGHAM TOWERS #310
119 NORTH COMMERCIAL
BELLINGHAM, WASHINGTON 98225

TELEPHONE 671-2990
AREA CODE 360

CERTIFIED MAIL RETURN RECEIPT REQUESTED AND U.S. 1ST CLASS POSTAGE PREPAID

January 29, 2010

Washington Mutual Bank
7255 Baymeadows Way
Jacksonville, FL 32256

Washington Mutual
PO Box 78148
Phoenix, AZ 85062-8148

Quality Loan Service Corp. of Washington
2141 5th Avenue
San Diego, CA 92101

Katrine E. Glogowski
Glogowski Law Firm, PLLC
600 First Avenue, Ste. 501
Seattle, WA 98104

MORTGAGE

F. Christopher Pace: SSN: 094-48-7956
Lynn Pace: SSN: 532-82-5310
Loan Nos.: Long Beach Mortgage Co. Loan No. 6386657-7881
JP Morgan Chase Bank, N.A. Loan No. 0666872437
Investor No. 0666872437
Quality Loan Service Corp. of WA: WA-09-263303-SH

Dear Sir & Madam:

Enclosed is a true and correct copy of a release signed by Mr. and Mrs. Pace which allows me to talk to you. I am aware that you have foreclosed on the Pace's real estate and that JP Morgan Chase holds a trustee deed from the sale. The Paces dispute the amount of money that they have paid you and the amount you charged for the foreclosure. A foreclosure does not extinguish your obligation to respond to the Pace's Qualified Written Request for their loan.

EXHIBIT No. A

QUALIFIED WRITTEN REQUEST

Please treat this letter as a "qualified written request" under the Federal Servicer Act, which is a part of the Real Estate Settlement Procedures Act, 12 U.S.C. 2605(e). This request is made on behalf of my Clients based on the pending dispute about the proper application of their payments to interest, principal, escrow advances and expenses (in that order of priority as provided for in the loan instruments); about your use of suspense accounts in connection with your receipt the Paces' payments; about your use of automatically triggered property inspections and broker price opinion charges and fees; and about legal fees and expenses that have been charged to this account in the form of corporate advances. Specifically, I am requesting the following information:

1. A complete and itemized statement of the loan history from the date of the loan to the date of your response to this letter including, but not limited to, all receipts by way of payment or otherwise and all charges to the loan in whatever form. This life of the loan transactional history should include the date of each and every debit and credit to any account related to this loan, whether restricted or not restricted, the nature and purpose of each such debit and credit, and the name and address of the payee of any type of disbursement related to this loan.

2. A complete and itemized statement of all advances or charges against this loan, restricted or unrestricted, recoverable or non-recoverable, and for any purpose that are not reflected on the life of loan history transaction statement provided in answer to question #1.

3. A complete and itemized statement of the escrow account of the loan, if any, from the date of the loan to the date of your response to this letter, including, but not limited to, any receipts or disbursements with respect to real estate property taxes, fire or hazard insurance, flood insurance, mortgage insurance, credit insurance, purchase mortgage insurance, or any other type of insurance product.

4. Have you purchased and charged to the account any Force-Placed Insurance?

5. A complete and itemized statement from the date of the

loan to the date of your response to this letter of the amounts charged for any force-placed insurance, the date of the charge, the name of the insurance company, the relation of the insurance company to you or a related company, the amount of commission you received for each force-placed insurance event, and an itemized statement of any other expenses related thereto.

6. A complete and itemized statement from the date of the loan to the date of your reply to this letter of any suspense account entries and/or any corporate advance entries related in any way to this loan.

7. A complete and itemized statement from the date of the loan to the date of your reply to this letter of any property inspection fees, property preservation fees, broker opinion fees, appraisal fees, or other similar fees or expenses related in any way to this loan.

8. Identify the provision under the Deed of Trust and/or note that authorizes charging each and every such fee against the loan of the Paces.

9. Please attach copies of all property inspection reports and appraisals, broker price opinions of value, bills and invoices, and checks or wire transfers in payment thereof.

10. A complete copy of any key loan transaction report or reports and any reports indicating any charges for any "add on products" sold to the Paces in connection with this loan from the date of the loan to the date of your reply to this letter.

11. A complete and itemized statement of any late charges added to this loan from the date of this loan to the date of your reply to this letter.

12. A complete and itemized statement from the date of the loan to the date of your reply to this letter of any fees incurred to modify, extend, or amend the loan or to defer any payment or payments due under the terms of the loan.

13. An itemized statement of the current amount needed to pay-off the loan in full.

14. A full and complete comprehensible definitional dictionary of all transaction codes and other similar terms

used in any of the documents or records requested or referred to herein.

15. A complete and itemized statement of any funds deposited in any suspense account(s) or corporate advance account(s), including, but not limited to, the balance in any such account or accounts and the nature, source and date of any and all funds deposited in such account or accounts.

16. A complete and itemized statement from the date of this loan to the date of your reply to this letter of the amount, payment date, purpose and recipient of all foreclosure expenses, NSF check charges, legal fees, attorney fees, professional fees and other expenses and costs that have been charged against or assessed to this loan and whether or not such charge or fee is recoverable or non-recoverable.

17. The full name, address and telephone number of the current holder of the original mortgage note including the name, address and phone number of any trustee or other fiduciary. This request is being made pursuant to Section 1641(f)(2) of the Truth In Lending Act, which requires the servicer to identify the holder of the debt.

18. The name, address and telephone number of any master servicers, servicers, sub-servicers, contingency servicers, back-up servicers or special servicers for this mortgage loan.

19. A copy of any mortgage Pooling and Servicing Agreement and all Disclosure Statements provided to any Investors with respect to any mortgage-backed security trust or other special purpose vehicle related to the said Agreement and any and all Amendments and Supplements thereto.

20. If a copy of the Pooling and Servicing Agreement has been filed with the SEC, provide a copy of SEC Form 8k and the Prospectus Supplement, SEC Form 424b5.

21. The name, address and telephone number of any Trustee under any pooling or servicing agreement related to this loan.

22. A copy of the Prospectus offered to investors in the trust.

23. Copies of all servicing, master servicing, sub-servicing, contingency servicing, special servicing, or back-up servicing agreements with respect to this loan.

24. All written loss-mitigation rules and work-out procedures and loan modifications options or programs related to any defaults regarding this loan and similar loans.

25. A summary of all fixed or standard legal fees approved for any form of legal services rendered in connection with this loan.

26. Is this a MERS Designated Mortgage Loan? If the answer is yes, then identify the electronic MERS number assigned to this loan.

27. Please state the full name and address of any attorney you have retained to provide any legal services in this case for the life of the mortgage.

You should be advised that you must acknowledge receipt of this qualified written request within 20 business days, pursuant to 12 U.S.C. Section 2605(e)(1)(A) and Reg. X Section 3500.21(e)(1).

You should also be advised that the Paces herein will seek the recovery of damages, costs, and reasonable legal fees for each failure to comply with the questions and requests herein. The Paces also reserve the right to seek statutory damages for each violation of any part of Section 2605 of Title 12 of the United States Code.

With best regards, I remain,

Yours very truly,

James Stoudevant

cc: Chris and Lynn Pace
Enclosure

MORTGAGE RELEASE

Washington Mutual Bank
7255 Baymeadows Way
Jacksonville, FL 32256

Please release all documents for the file numbers below about my mortgage to:

James Sturdevant, Attorney At Law
119 North Commercial Street Ste 920
Bellingham, WA 98225
1360-671-2990
e-mail - sturde@openaccess.org.

Real estate: 4948 Northwest Drive
Bellingham, WA 98226

Owner/Borrower: F. Christopher Pace and Lynn Pace

Loan Nos.: Long Beach Mortgage Co. Loan No. 6386657-7881
JP Morgan Chase Bank, N.A. Loan No. 0666872437
Investor No. 0666872437
Quality Loan Service Corp. of WA: WA-09-263303-SH

A copy is as valid and binding as the original.

I also authorize the third party listed above to obtain any information on my above referenced mortgage loan account and to speak with him.

DATED this 28th day of January, 2010.

F. Christopher Pace

DATED this 28th day of January, 2010.

Lynn Pace

CHASE

Chase Home Finance LLC
800 State Highway 121 Bypass
Lewisville, TX 75067

February 8, 2010

FEB 12 2010

James Sturdevant Attorney at Law
Bellingham Towers #310
119 North Commercial
Bellingham, WA 98225

Re: Loan #****** 2437
Borrower: Christopher and Lynn Pace

Dear James Sturdevant:

We are writing in response to your correspondence dated January 29, 2009, regarding your Qualified Written Request (QWR) for the above-mentioned mortgage. Your letter was forwarded to our office on February 8, 2010, for review.

We are investigating your issues and will work to provide you with a complete and accurate response. Chase appreciates your patience in this matter.

Chase's goal is to provide the highest level of quality service. In the interim period, you may contact our Customer Care unit at 1-800-848-9380.

Sincerely,

Home Lending Executive Office/LYK

EXHIBIT No. B